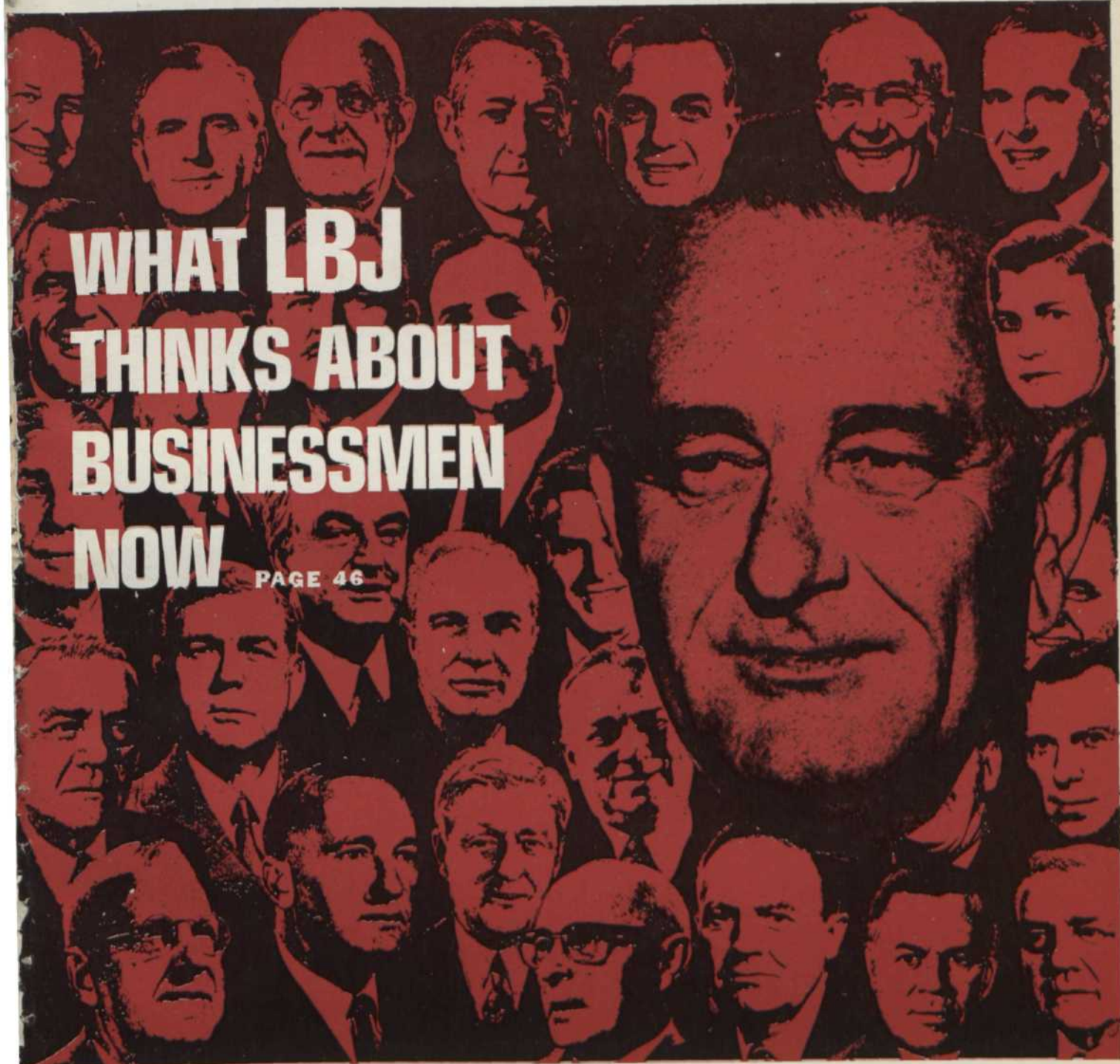


A USEFUL LOOK AHEAD FROM WASHINGTON

DECEMBER 1967

Nation's Business



**WHAT LBJ
THINKS ABOUT
BUSINESSMEN
NOW**

PAGE 46

What Congress will do in '68
Bringing the future into focus
How to live five years longer

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and Associated Companies

Nation's Business

December 1967 Vol. 55 No. 12

Published by the Chamber of Commerce of the United States
The national federation of organizations representing
4,750,000 companies and professional and business men
Washington, D.C.

7 WASHINGTON: A LOOK AHEAD

Two strong undercurrents—in Washington and at the grass roots—are changing how you'll do business with government

18 EXECUTIVE TRENDS: Santa in Manhattan

EVC lends helping hand; new rental service opens deep-sea industry doors; where to find a bilingual business trainee

23 WASHINGTON MOOD: Men who advise the President

An account of the men around the President who help him reach the awesome decisions that affect the fate of all of us

29 STATE OF THE NATION: A cause of optimism

If man and woman can achieve quiet and lasting adjustment, why cannot other divisions of the social order do likewise?

33 RIGHT OR WRONG: New war profiteering

Political camp followers snap at President's heels and get a warped kind of pleasure in heading an imaginary blacklist

36 Congress: What they'll do in '68

Insurance, rioters, welfare and tax incentives for business may come under scrutiny of Congress in the next session

40 Will they get control of spending?

Continuing prospects for higher taxes and inflation spark pressures to strengthen Congressional expenditure control

42 Less liberal laws ahead

Former committee chairman and venerable lawmaker sees swing of legislative pendulum in shifting mood of Congress

46. What LBJ thinks about businessmen now

President leans heavily on business community and is convinced it is helping solve social, economic, defense problems

50 Now it's Yanqui, Si; Commie, No

The controversial U.S. intervention in Dominican Republic seems to be paying off in economic and political progress

54 BUSINESS: A LOOK AHEAD

Regulation of plant growth has potential for cash crops; use of sound in testing grows; marketing success stories aired

56 So, you think you're indispensable

This Chicago manufacturer has hit on a new technique that cuts costs and makes running a business almost automatic

65 LESSONS OF LEADERSHIP: Growing with a company

A conversation with Alcoa President John D. Harper about innovation, his "young tigers" and civic duties of business

69 You can keep good men down

Forces are always at work to keep competent employees from rising and these can't be detected by tests or interviews

72 Are you selling quality short?

Some businessmen overlook a powerful argument for free enterprise that can have a strong appeal to the consumer

75 Debt clinics: Rx for the poor

Businessmen establish important new nonprofit service for debtors—credit counseling clinics to help them pay bills

78 How to live five years longer

A prominent physician gives you useful advice on matters of health that can add zest to living and add to your years

82 Bringing the future into focus

Your business faces a much different world in the next 20 years; here's a preview of what that world will be like

87 TOMORROW'S BUSINESSMEN: Teaching private enterprise

A novel "Chair of Private Enterprise" at Georgia State is used in teaching its students all about freedom in business

88 The risky life

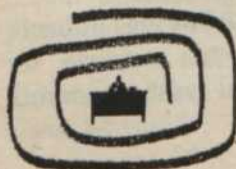
Risks come thick and fast in political life, especially in an election year. But there's another career even riskier

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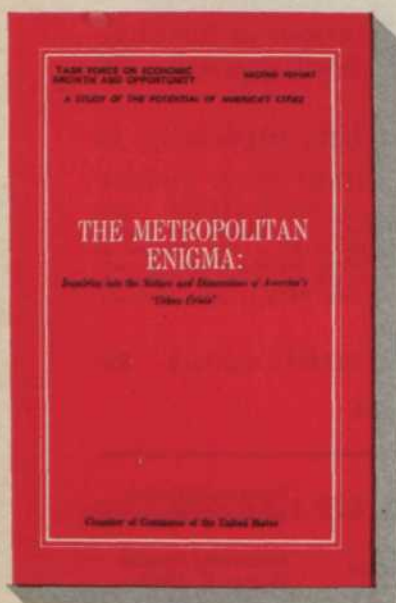
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SOLVING THE PROBLEMS

Businessmen today are assuming responsibility for solving the problems of American cities.

Businessmen are accepting this job as their job to do.

And they are doing it—in cooperation with the government—through voluntary, united effort.



FIRST REQUIREMENT

In solving social and economic problems, the first requirement is to know what the problems actually are, what causes them, and how to remove the causes. This calls for leadership, organization and research—elements which the National Chamber provides.

TASK FORCE

For three years, the Chamber has had in operation a Task Force on Economic Growth and Opportunity, making an exhaustive study of poverty, education, unemployment and related issues.

This Task Force is composed of top executives of more than 100 of America's largest corporations. The Chairman is Erwin D. Canham, Editor in Chief of The Christian Science Monitor.

"SOMETHING SPECIAL"

The most recent report of this Task Force is a document entitled, "The Metropolitan Enigma: Inquiries into the Nature and Dimensions of America's 'Urban Crisis'."

Fortune Magazine calls this document, "Something special." When you read it, you will see why.

"The Metropolitan Enigma" was prepared for the Chamber under the direction of the Joint Center for Urban Studies of the Massachusetts Institute of Technology and Harvard University.

It contains the findings of basic research by ten experts on current social and economic problems.

OF AMERICAN CITIES

WELL RECEIVED

"The Metropolitan Enigma" is filled with authoritative information which people who are interested in social and economic problems want and need. For this reason, it is being well received, not only by businessmen and business organizations, but also by government officials and government agencies. For instance:

- The United States Civil Service Commission ordered 100 copies of "The Metropolitan Enigma"
- The Department of Health, Education and Welfare, 18 copies
- The Department of Agriculture, 5 copies
- The Library of Congress Legislative Reference Service, 2 copies
- The Department of Labor, 12 copies
- The National Commission on Urban Problems, 19 copies
- The Advisory Commission on Intergovernmental Relations, 26 copies
- The Mayor of Baltimore ordered 5 copies
- The Mayor of Denver, 6 copies
- The Governor of Rhode Island, 15 copies
- The Municipal Reference Library of Los Angeles, 19 copies.

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"The Metropolitan Enigma" is a fascinating book to read.

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WASHINGTON: A LOOK AHEAD

A new kind of government to deal with, to sell to, to pay for with your taxes.

It's had little fanfare or fireworks. But it's happening.

LBJ describes it as a "fundamentally new process in American government—a new kind of federalism—federal-state interaction never contemplated by our Founding Fathers."

That's what he told a bunch of state governors in a White House meeting some months ago. Since then trend has been accelerating.

What's it all about?

Well, it appears we're turning a corner in history. It could mean tax savings, new efficiency, new government customers for you.

Here's how it occurred:

Great Society caterers shoved such a smorgasbord of new legislation through Congress in recent years, it stuck in the throat of our governmental system. The country was gorged.

Federal grants-in-aid exploded from \$8 billion in '63 to more than \$17 billion today. Federal state and local officials were choked with 460 separate programs run by 21 departments and agencies involving all 50 states and 91,000 communities and counties.

Two forces have converged to give our federal system a new lease.

First, LBJ in his shrewdness, realized the proliferation of Great Society laws were entangling states in overlap, delay, red tape.

The President called in former Gov. Farris Bryant of Florida to be his ambassador to the governors, to pour oil on troubled waters. It wasn't just the mass of new laws and regulations now but the mountain he foresees—a fourfold increase in federal grants five years from now.

At the same time the states themselves were becoming fully aware that they must think about tomorrow.

Talk with governors and you get a feel for the new spirit. Lanky Dan Evans, Governor of Washington State, calls it a "renaissance." North Dakota's crew-cut Gov. Guy, talks of a "resurgence" of state government.

Rejuvenation takes the form of modern business methods of dealing with public problems on the state level; in some states it means employing planning, systems analysis, computer simulation of public programs.

Colorado has long-range planning; this January it will consolidate more than 150 departments into 20. New York is pioneering in anti-pollution field. California explores space-age methods for handling crime, transportation, information collection and waste disposal.

In recent years, more than 700 state constitution modernizing amendments have been on ballots of the 50 states, and 552 were adopted.

A host of compacts and reciprocal agreements have been signed to deal with problems involving two or more states.

From all sides come suggestions for federal tax sharing, block grants, tax credits to get more funds to state and local officials.

The National Governors' Conference has called for such dramatic change as consolidation of 200 demonstration grants into a single grant authority for each federal department.

The Governors' Conference now has a Washington office to help close the communications gap and to speed word of new federal programs while they're still incubating.

It also recommends longer terms for governors, fewer state offices, appointing of top state officials to work closer with Washington (13 states now have Washington offices), easier state government reorganization, long-range capital improvement programs, information systems and modeling and simulation techniques

WASHINGTON: A LOOK AHEAD

to make best use of resources. As busy Colorado Gov. John Love says: "We must begin to scientifically manage our institutions as industry has learned to do."

The Chamber of Commerce of the United States has been a catalyst for state and local government reform by coordinating modernization efforts all over the country.

The Advisory Commission on Intergovernmental Relations, made up of federal, state and local officials, is calling for consolidating grants, simpler rules for federal programs.

ACIR also recommends de-emphasizing personal property tax especially on business inventories to improve business climate and business tax structure; special means for funneling more funds into urban areas and removal of legal obstacles to private enterprises solving central city problems.

For his part, LBJ has ordered all federal agencies to consult with state and local officials to get their views before new regulations are issued.

Teams of top federal officials have winged to 40 states to hear leaders' gripes and bring harmony to grass roots.

The President frankly admits dollars and directives can't solve all national problems, that the new federalism means the states can't just be minority stockholders. He knows the federal government can't teach a kid, walk a police beat or refurbish a tenement. It takes local know-how, locally run.

Mr. Johnson even assigned each member of his Cabinet four or five states to cater to, and has personally met with more governors than any chief executive in history to try to glue back together the administrative disarray.

Federal agencies have been told that in future they must try to cover the same regions instead of overlapping or being scattered over the countryside.

Federal field offices will be given more say-so now to speed grant applications, top officials

tell Nation's Business. Administration insiders push for Cabinet-rank official to run federal-state relations. Now, former Texas Governor and Senator, Price Daniel, is LBJ's liaison, but doubles in brass as head of Office of Emergency Planning.

This winter, governors and their top aides will be invited to Washington to meet in colorful Indian Treaty Room near the White House to gab about specific problems with Cabinet and sub-Cabinet officers.

A new law has been drafted to expedite programs dealt with by more than one agency. The bill will provide that one agency coordinates and doles out dough instead of states having to deal with a whole fistful of departments separately.

Some obvious waste has been trimmed.

Multiplicity of forms has been cut.

But not all is sweet harmony yet between White House and State House.

As one high state planning official says: "You get a packet from Washington that's inches thick. By the time you wade through all the proposed rules, the deadline is passed for consulting Washington."

Another complains: "The Administration is trying to kill us with kindness."

Also there are still 14 federal agencies responsible for manpower training. And because of interagency conflicts and jealousies, it still can take six months to get a manpower training program going.

Four agencies—HUD, Commerce, Agriculture and Interior—still make overlapping grants or loans for water and sewer projects.

But progress is being made. And as former Kennedy and Johnson speechwriter Richard Goodwin says: "Decentralization of government will be the decisive issue of the 1970's."

What does it mean for you?

Potential tax savings, simpler, more direct government contract work, more profit opportunities in public problem areas.

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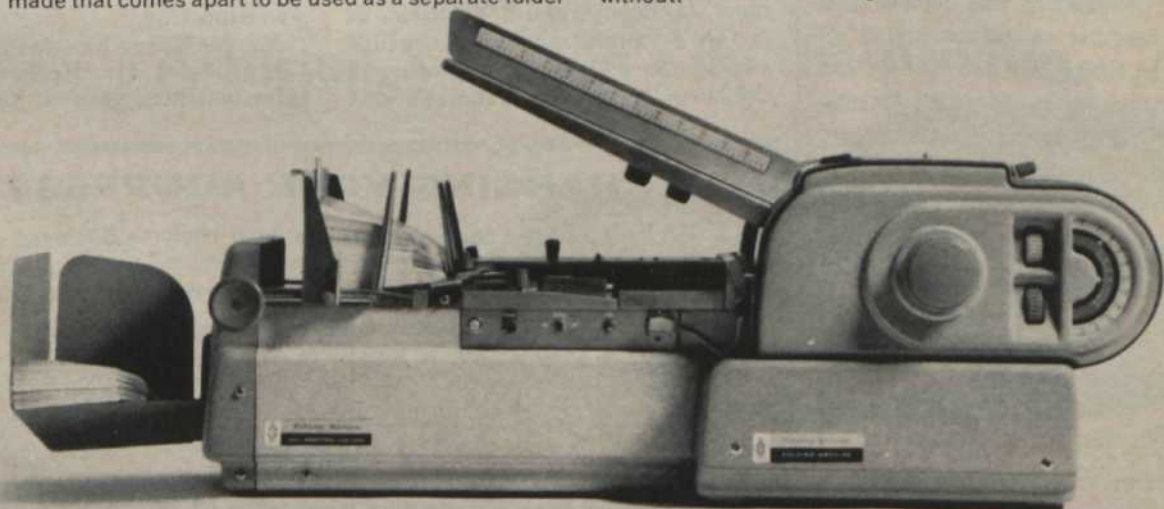
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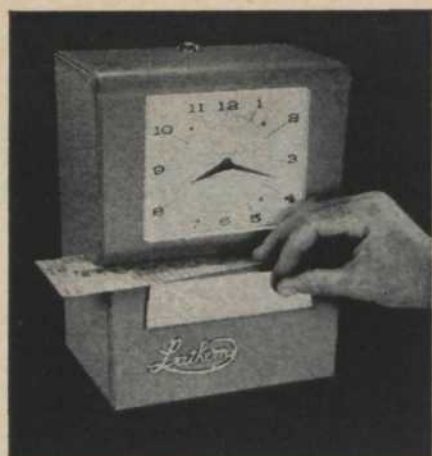
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Business opinion:

How to solve our urban problems

To the Editor:

Your recent article, "Business and Industry Are Our Last Hope," and five related articles in the October issue are tremendous.

LOUIS P. VESCIO
Executive Vice President
Vescio's Inc.
Saginaw, Mich.

To the Editor:

I was impressed with your fine report on "Business and Industry Are Our Last Hope" in the October issue.

Within the next month, I shall be involved in an elaborate training program designed to train and place a large number of the hard-core unemployed.

As a result of reading your issue, I feel I have more depth and insight into the complex problems that prevail in this area.

"I Learned My Lesson" particularly impressed me. To some drop-outs, this article might be the starting point to launch them into a program to prepare them for responsible citizenship.

BARNEY W. PAYNE
Consultant
Inland Employers Association
San Bernardino, Calif.

To the Editor:

"The Bitter World of the Policeman" [October] is a fine article. It is God's wonder that any sensible young man will consider a career in the law enforcement agencies of our

country—once a bastion of safety and freedom, now a morass of lawlessness, thanks to the Supreme Court and do-gooder judges.

FRANK McDONALD
President
Goodee Montgomery Inc.
Los Angeles, Calif.

To the Editor:

"I Learned My Lesson" [October] was a touching account of a troublesome youth gone "straight."

The boy, Frank Pickett, is an example of how a youngster can become an attribute to society and the business world by recognition, understanding and astute intelligence offered by organizations such as TEST [Teen-Age Employment Skills Training, Inc.].

America needs more of the services offered to Frank Pickett to channel the youth job market into productive and vital positions in the business world.

MARLENE J. MAGOON
Chicago, Ill.

Defends Dewey's views

To the Editor:

"Who Riots and Why" [October] by Robert N. McMurtry contains a reference to John Dewey's influence on "loosening of authority" which has manifested itself in "progressive education."

Mr. McMurtry has misinterpreted John Dewey. Mr. McMurtry should refer to "Intelligence in the Modern

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Business opinion:

World—John Dewey's Philosophy," edited by Joseph Ratner, and give close attention to two sections:

"Tradition V. Progressive" in which John Dewey himself criticizes progressive education with these words: "Many of the newer schools tend to make little or nothing of organized subject matter of study, to proceed as if any form of direction and guidance by adults was invasion of individual freedom."

"Philosophy of Experience" in which John Dewey states: "No one would question that a child in a slum has a different experience from a child in a cultured home."

John Dewey, in the early part of this century, recognized the fact that education had to be based on the experience of the child in order for it to be meaningful to him.

Perhaps Mr. McMurtry should check his sources before he makes any more sweeping generalizations concerning social changes.

MARY DE CARLO
Department of Education
American University
Washington, D. C.

What it means

To the Editor:

Thanks for your article "Karl Marx Was All Wet" [November]. That's true. But doesn't your description of Marx as an intellectual, writer and theorist apply to many in high government circles today?

The word "intellectual" is taking on new meaning and it has nothing to do with intelligence.

ELMER L. HENSON JR.
Nashville, Tenn.

No ghettos here

To the Editor:

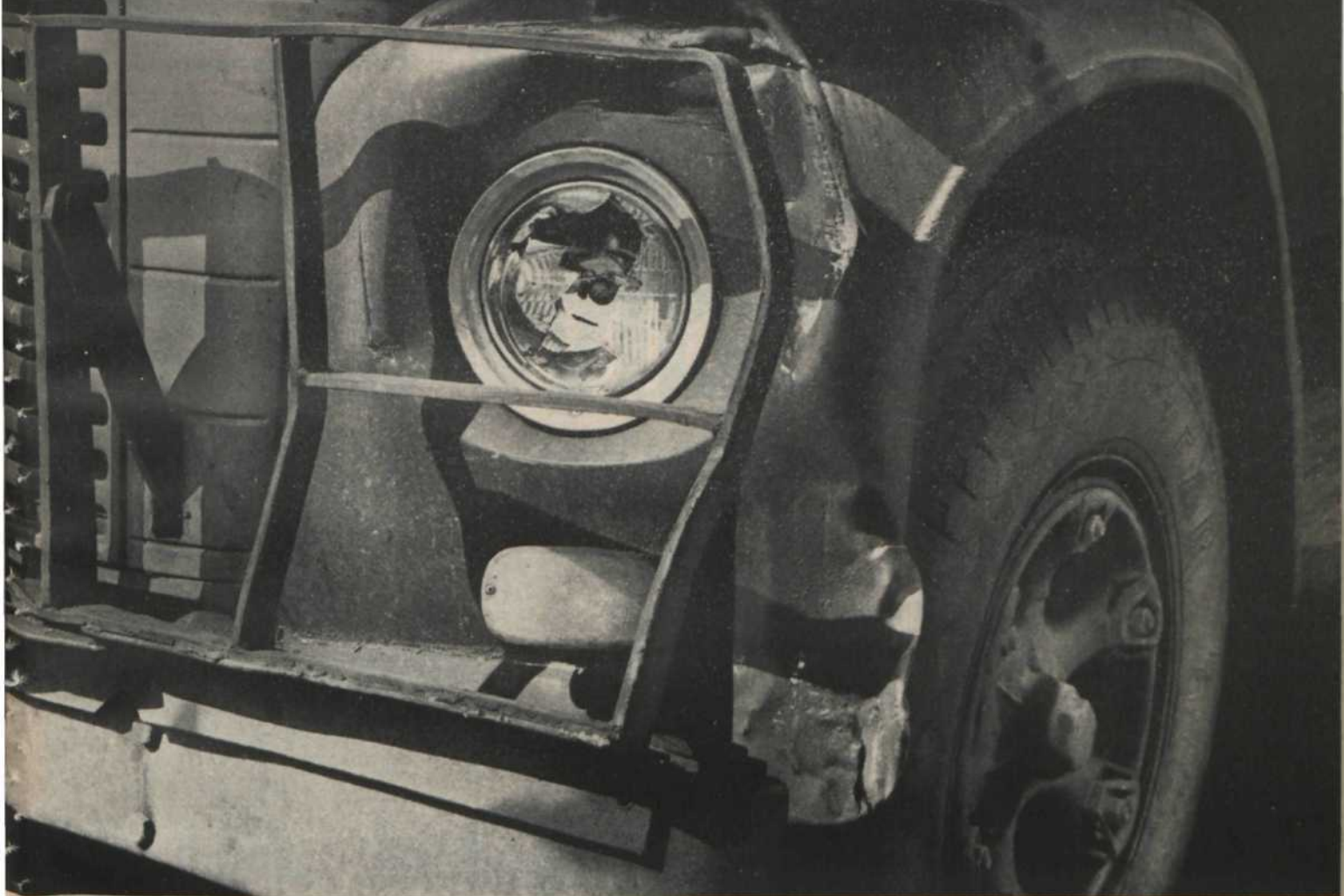
Your article "Who Riots and Why" [October] by Robert N. McMurtry spoke of the Negro being confined to a ghetto.

I think that all who use this word would do well to see its real meaning. Webster's dictionary describes it as an area in which the Jews were forced to live. Leaving this area resulted in either banishment, physical injury or often death.

The areas that the American Negro lives in—and the conditions under which he lives there—cannot be compared to the original ghettos. Only those who have been forced to live in them, or whose forefathers have, understand the true meaning of this word.

The Negro people are neither pro-

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it's a fact

The business man is confronted today by a host of organizations and service groups, each competing strongly and steadily—for his time—for his attention—and for his talent.

Some of these organizations have narrow, specialized aims and objectives. Others are more broadly based. But none serves the business community better than the voluntary organization known as the local chamber of commerce.

For almost 200 years chambers—like the one in your community—have taken the lead in developing free enterprise solutions to general business and community problems.

Your chamber needs—and deserves—a fair share of your time, your attention and your talent.



PETE PROGRESS

Speaking for the local chamber of commerce in your community

Business opinion:

scribed, nor are they forced to remain where they are. They can move as freely as their economic conditions enable them to.

I am thankful we do not have ghettos in America.

WILLIAM GROSS

Partner
Peoples Furniture Store
Richmond, Va.

Our greatest need

To the Editor:

Thanks for your great, un-brain-washing article, "The Greatest Story Never Told" [November].

It seems inconceivable to me that, in spite of the fact that serious research proves American youth does "rate business first as a career choice," so much hokum can be written and spoken to the contrary.

Ours is a time when the greatest need of the future and of our free enterprise system is new and motivated leadership. The only source available to us is our new generation.

Why then should our older generation be so shortsighted and do so much to kill the spirit of those who will inevitably lead us tomorrow?

SEYMOUR FELKER

President
Successfully Yours, Inc.
Denver, Colo.

The hippie economics

To the Editor:

Al Capp's "The Hippie Economics" [September] is not only entertaining but an important bit of debunking.

M. W. WOLFE

Manager
Marketing Systems Research
Genesco
Nashville, Tenn.

To the Editor:

Reader L. M. Doolen ["Business Opinion," November] was quite wrong in his analysis of Al Capp's article, "The Hippie Economics." It is high time that someone put Dr. Galbraith's pseudo economics in perspective. Al Capp did that job very well.

BARRY L. BOYER

Teacher, Business Education
Roosevelt High School
Portland, Ore.

Junior Achievers know

To the Editor:

Dr. Morley ["Does Business Need More Brains, Muscle or Ideals?" October] quotes Harold Brayman saying:

"The difficulty is that the philosophy of free enterprise is almost never spelled out by businessmen in an understandable way." I would

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HELP!



Everybody has heard about Zip Code.

But not everybody is using it. Perhaps some people think of it as just a favor to the post office—something to do if they happen to think of it.

But Zip Code is much, much more than that.

Zip helps our postal workers move mail the modern way. With Zip, they can sort it faster and deliver it by more direct routes. With Zip, they will use modern electronic machines that "read" Zip numbers and sort mail fifteen times faster than was possible before!

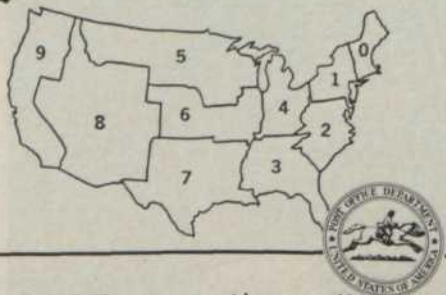
People who don't use Zip Code hold up the mail for themselves and for everyone else.

So use Zip on every mailing address. Use it on your return address, too. When in doubt about a Zip Code, you can call your post office or look it up in their Zip Code Directory.

And if someone writes you and doesn't use Zip Code—tell him. For us. We need all the help we can get.

HOW ZIP CODE WORKS

Suppose the Zip Code is 60635. The "6" says it goes to the Midwest. The "06" narrows it down to Chicago. The last two digits—"35"—pinpoint the local post office. This eliminates many handling procedures. The letter is sorted faster, and sent more directly to its destination.



Mail moves the country—ZIP CODE moves the mail!

Published as a public service in cooperation with The Advertising Council



Business opinion:

suggest that businessmen do have an effective method of "spelling out" free enterprise in Junior Achievement, the program for high school students.

By their own experience Junior Achievers gain a first-hand understanding of the relationship between government, labor and management, as well as the relationship between sales, production and management.

RALPH P. HOWARTH JR.
Executive Director
Junior Achievement of Rockford, Inc.
Rockford, Ill.

Looks forward to it

To the Editor:

"Seven Sure-Fire Weapons for Trouble Shooters" [September] was very interesting. Your magazine is of great interest to all of us and we look forward to it eagerly each month.

JAMES M. FLEMING
Vice President
General Steel Tank Co.
Reidsville, N.C.

Fears 10-cent dollar

To the Editor:

It is most imperative that prices become stabilized, for every time a price goes up, our money becomes devalued.

Right now our dollar is worth 42 cents.

It took only 20 years to reduce it from a 100 cent dollar in 1947 to a 42 cent dollar in 1967.

At the rate things are going, within 10 years the purchasing power of our dollar will be 10 cents!

It's time for big business, government and labor to get together and figure out what must be done to stop the further depreciation of the American dollar.

ED BATZNER
President
Batzner Pest Destroying Co.
Milwaukee, Wisc.

Business to blame?

To the Editor:

Ayn Rand is correct in stating that students are flunking capitalism ["The New Generation" July].

However, business has only itself to blame.

Businessmen ought to take a hard-headed look at these educational institutions they are currently supporting to determine whether or not all the things business stands for are being taught.

JOHN T. MCCARTY
Assistant to the President
Rockford College
Rockford, Ill.

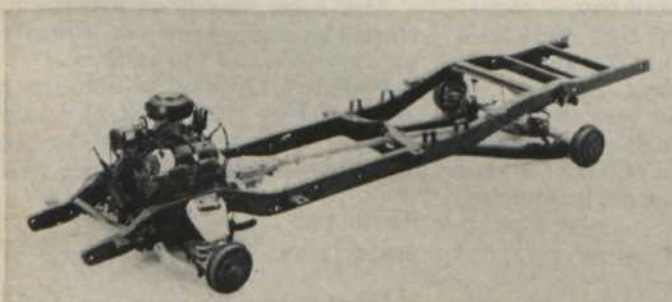
Look at all you get you can't get anywhere else!

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Truck-tough cab and body with double-strong construction. There's no stronger pickup anywhere. You get double thicknesses of sheet metal in critical areas. Like the cowl, windshield pillars, roof, door openings. And Fleetside body side panels and tailgate!



Road-balanced ride with rugged coil springs all around! No other pickup gives you the smoothness of independent front suspension plus coil springs at all four wheels. *Tough* coil springs designed for rugged duty! Standard on 1/2- and 3/4-ton models.

Styling with a purpose that sets the pace! A Chevy pickup gives the newest truck styling—and the most practical! The low silhouette helps provide road-holding stability; the cab design lets you see more of the road ahead.

Extra workpower with job-tailored engines! A wide range of engines! Go with the 155-hp 250 Six—biggest standard Six of any popular pickup. Or order the 292 Six. There's a new 200-hp 307 V8 that's standard in V8 models. Or, specify a 327 or 396 V8!

Biggest dealer network. You're never far from a Chevrolet dealer, because there are more of them throughout the country ready to help your truck keep working. Visit your dealer soon. . . . Chevrolet Division of General Motors, Detroit, Michigan.



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Executive Trends

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- Taxi for oceanographers
- Making good on that new job



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9-10 p.m. Central Time

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"The New York Life Agent in your community is a good man to know"

Yes, Virginia, there's an EVC

It's a merry Christmas for Mary Smith.

This small, New York dress manufacturer is in the black. Last year, she was drowning in red ink.

Then she sent an SOS to the Executive Volunteer Corps.

It quickly located the problem: cock-eyed cost accounting and low markups. Solution: Better bookkeeping, rejiggered pricing.

Mary (the name's fictitious but her firm's not) is only one of some 300 proprietors who've been aided by EVC. It's a group of 85 New York executives, some retired, who serve as a rescue squad for small, local businesses. Members include experts in nearly every field of management—marketing, merchandising, production, distribution.

They serve without pay.

"People think of New York as a glittering, corporate citadel," an EVC spokesman says.

"Actually, 75 per cent of its business firms are small—hiring fewer than 50 people. EVC, now a year old, helps those that get in trouble."

Executive gifts for the hard to please

How about a waterproof wristwatch that won't leak even at 100 feet under. It's perfect for scuba divers.

This is one of the more unusual gifts that executives will find under the tree this Christmas, Specialty Advertising Association, Chicago, Ill., says. Business gift-giving this

year will top 1966's \$350 million by at least 10 per cent, it estimates.

Most gifts will cost less than \$25. They're deductible as a business expense.

Many business firms (72 per cent) give Christmas gifts, a recent survey indicates.

Why?

Usually to say thanks—or build goodwill.

One giver reasons: "A business gift often costs less than a business lunch—and it lasts longer."

Then, for railroad buffs, there's a dandy gift.

A private, three-car train—the only one now running on U. S. commercial railways. It has a plush, 32-seat dining car, with canopied bar, black marble cocktail tables, gold-striped window shades and a player piano.

Also a car usable as a traveling classroom and a crew car, with living quarters and kitchen.

Permacel Division of Johnson & Johnson, New Brunswick, N. J., will hang a For Sale sign on it Dec. 10, after it winds up a nationwide tour.

Rental sub posts fares

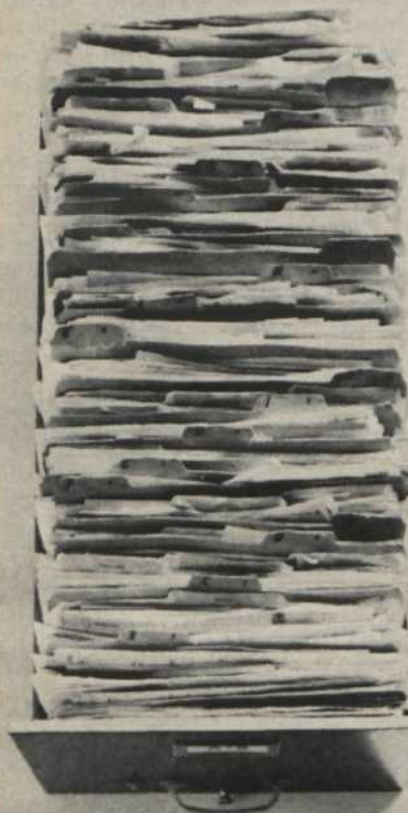
Want to get into oceanography?

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Reynolds Submarine Services Corp., Arlington, Va., offers you a chance to take the plunge. It'll rent its Aluminaut sub for \$1,250 for a full diving day.

That's for trips down to 1,500 feet. If you go deeper, the price is

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higher. Roughly, \$250 more per 1,500 feet. It's \$4,500 for use at 7,500 to 9,000 foot depths.

A diving day runs from sunup to sundown, about 10 or 12 hours.

The price includes transport to and from shore—and \$50,000 accident insurance per passenger.

They dig the scene abroad

Need a trainee who's a college graduate—and speaks French, Dutch, Chinese, Icelandic or Afrikaans? You might try AIESEC (Eyesek).

It brings some 600 students here from abroad each year to work as trainees in U. S. firms. And it finds

jobs overseas for an equal number of American college students.

AIESEC has on file names of 2,500 American college students who have worked abroad on its traineeships. It's supported by some 564 U. S. firms from Abex to Xerox, including General Motors. Why? Because it:

- Gives us a bigger pool of American college graduates with experience overseas.
- Exposes future business leaders abroad to U. S. management methods.

And builds a good image for America all over the world.

How to tell a winning salesman

"By the way he loses," one marketing director says.

"A winner's got a glint in his eye—and he wants to see the film so he can learn by his mistakes and take next week's game."

A top-flight salesman, he adds, will go over the sales talk he had with his customer, and find out why he said No.

"You can learn more from an order lost than from a sale made," says Ralbern H. Murray, director-marketing, Consolidated Natural Gas Service Co., Inc., Pittsburgh, Pa.

Making good on that new job

"Here's how we did it at my old company."

That's what one VIP kept saying—to his colleagues' annoyance—when he began on a big, new job.

In no time, he lost his key to the executive suite.

Switching jobs takes tact, Dr. Mortimer Feinberg, president, BFS Psychological Associates, New York, N.Y., points out. Here's how, he says, to get off to a good start:

Don't ask for a 21-gun welcoming salute. It alienates your peers.

Don't raise embarrassing questions at meetings. Executives you show up won't forget or forgive.

Don't bring in an all-new staff—or threaten shake-ups. Hatchetmen invite a knife in their own backs.

Cultivate someone close to the boss to learn what he likes. If it's thrift, out-economize Franklin. If it's ideas, milk your staff for them.

Meet everyone, but spend 75 per cent of your time wooing and winning key subordinates.

When Washingtonians—and others—cook

Lady Bird Johnson's favorite recipe is fillet of beef—wrapped in bacon, garnished with parsley, served with broiled mushrooms and cold kumquats.

Mrs. Barry Goldwater's No. 1 choice is black walnut beef stew. And Sen. Margaret Chase Smith's is Maine blueberry muffins.

Their pet recipes, and those of Mamie Eisenhower and Mrs. Everett Dirksen, are in a new, 3,500-recipe book, "America Cooks" (\$6.95, G. P. Putnam's Sons, New York).

Might solve your "what to get the missus for Christmas" problem.

Executive bookshelf

"Management changes more swiftly than medicine," executives complain.

Most of them find books a good way to keep up.

Here are some of the best of recent vintage, especially selected for NATION'S BUSINESS.

In general management, the American Management Association, New York, cites:

"Organization" by Ernest Dale (\$12, American Management Association).

"The Effective Executive" (\$4.95, Harper & Row, Inc., New York).

"The Executive in Transition" (\$5.95, McGraw-Hill Book Co., New York).

In sales and marketing, Sales Marketing Executives International, New York, lists:

"Aspley on Sales: A Guide to Selling in the Modern Market" (\$7.95, The Dartnell Corp., Chicago, Ill.).

"How to Sell Overseas: The Fundamentals of International Business" (\$8.50, Western Reserve University, Cleveland, Ohio).

"Marketing Management in Action" (\$8.95, McGraw-Hill).

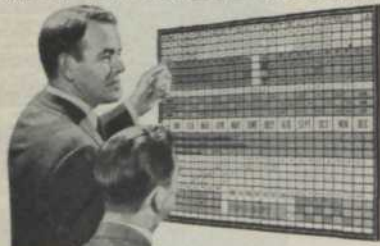
On management and EDP, The Diebold Group, Inc., international management consultants, New York, cites:

"Basic Data Processing" (\$6.75, Prentice-Hall International, Inc., Englewood Cliffs, N. J.).

"The Impact of Computers on Management" (\$10, MIT Press, Cambridge, Mass.).

"The Shape of Automation for Men and Management" (\$3.95, Harper & Row, New York).

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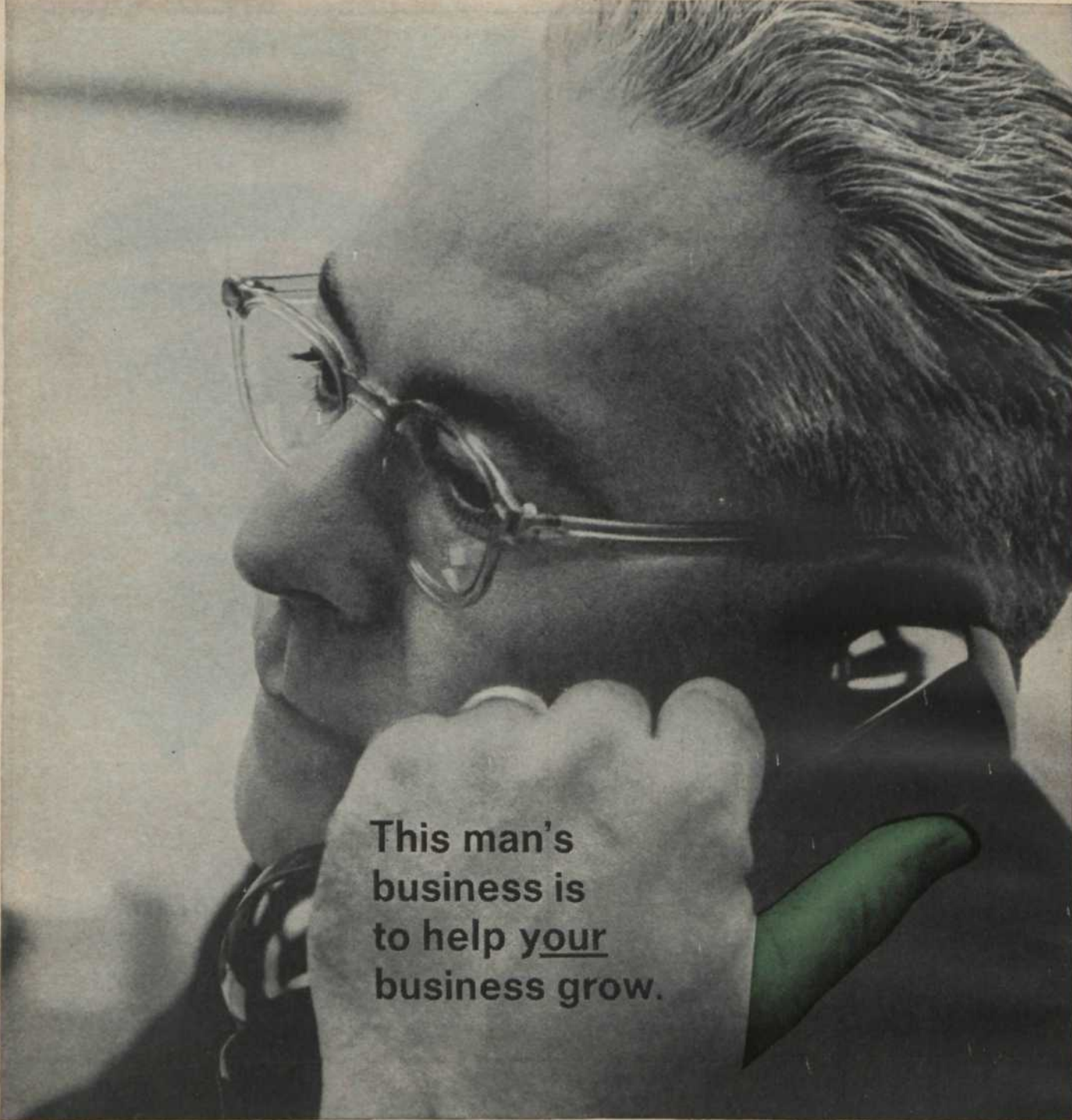
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TRENDS: WASHINGTON MOOD



The Tuesday Lunch

Those key men advising the President

BY PETER LISAGOR

An endless pastime in this power-driven and power-conscious capital is trying to sort out the power-wielders, the men who belong to the President's inner circle, who exert the greatest influence upon him, who exercise the most power.

Seasoned players can differ widely in this game. Some contend that only a handful figure most vitally in the big war-and-peace moves. Others say that a great many move fitfully in and out of the picture, crucial cogs in an often mystical process of decision-making. Almost all agree that, whatever the number of consultants, advisers, cronies, outsiders, President Johnson is the final arbiter of every key action.

But no man who seeks out consensus with such desperate zeal as LBJ operates alone. Moreover, the federal establishment is far too sprawling and complex to be guided like a span of horses by one driver. Not even a chief executive as peripatetic, as curious and inquisitive as Mr. Johnson can stay on top of a corporate structure that spends well over \$100 billion a year and embraces 200 million people. So the President must rely upon a staff and a Cabinet and a National Security Council and a few men not in the government whose judgment and views he prizes.

Mr. Lisagor is the White House correspondent for The Chicago Daily News.

One of the most publicized forums in which the decision-making process occurs is the so-called Tuesday lunch, which is often not a lunch but a late-afternoon meeting of the President and his chief national security advisers. The cast at these gatherings consists of five regulars—Secretary of State Dean Rusk, Defense Secretary Robert S. McNamara, Presidential Assistant Walt Whitman Rostow, Press Secretary George Christian and, of course, the President.

Occasionally, this group is joined by Chairman of the Joint Chiefs of Staff Gen. Earle G. Wheeler and Central Intelligence Agency Director Richard Helms. Less frequently, Vice President Humphrey might be invited. Once in a while a regional diplomatic specialist or a military expert will join the discussion if the agenda warrants his presence.

Many of the targets for American bombers in North Viet Nam were selected at Tuesday's lunch in the President's dining room on the second floor of the Executive Mansion. The President has okayed the targets after listening to the arguments for and against, although participants have said that most differences have been thrashed out before the luncheon meeting and that anyone who raises an objection does so in a deferential manner. It has always been thus: If a general has a gripe, he's unlikely to unload in the presence of the civilian chief of the Pentagon and

TRENDS: WASHINGTON MOOD

the Commander in Chief, but rather makes his case before the sympathetic hawks of the Congressional committees that deal with the armed services.

In any case, it is Rusk and McNamara upon whom the President relies. This satisfies both the constitutional concept as well as the President's way of doing business. Once, when asked if he telephoned country desk officers (experts who specialize in the affairs of individual countries) in the State Department for specific bits of information, as John F. Kennedy used to do, Mr. Johnson bristled slightly and said, "No, I ask my Secretary of State when I want to know something, and if he doesn't know or can't find out, why, I'll just get myself a new Secretary of State."

Rostow contributes a wide range of information and judgments on a daily basis, but he does not get between the President and Rusk or McNamara. Rostow's predecessor, McGeorge Bundy, who left the White House to become president of the Ford Foundation, often served Kennedy and later Johnson as a checkpoint between State and Defense, and he could put in an alternative recommendation which sometimes prevailed. Rostow's is a lesser role than Bundy's but important nonetheless. Christian's role is to learn what is going on and to offer an opinion on it from a public relations point of view, but by no stretch of the imagination is the genial press secretary's contribution a crucial one.

• • •

The President likes to turn to outside advice on key issues, and in the recent past, two men have been tapped more than any others, Washington attorney Clark Clifford and Associate Justice Abe Fortas, a long-time friend and counselor of LBJ. Clifford served as a special counsel to President Harry Truman and has a cool, detached view of life which LBJ finds useful. Clifford also maintains an expertise in foreign affairs as head of the Foreign Intelligence Advisory Board, which oversees the nation's intelligence operations.

Since being named to the Supreme Court, Fortas has played a somewhat declining role in order to maintain that nice separation of powers hailed in the civics texts and books on the three branches of government. But in a crisis, the President calls upon his old friend Fortas because, as one high Administration source says, "Abe says what he thinks, without fear, and he keeps his own counsel and doesn't claim credit for ideas he might have given the President."

To a lesser extent, Mr. Johnson calls upon others outside the government for counsel, among them Robert Anderson, who served in the Eisenhower Administration for a time as Secretary of Treasury and who is valued by LBJ because of what one aide describes as "his conservative viewpoint." He has used in various roles such knowledgeable old hands as Wall Street banker-lawyer John J. McCloy, a former High Commissioner to Germany, and Eugene Black, another versatile banker, as well as former Under

Secretary of State for Economic Affairs George W. Ball. And White House associates say that, from time to time, LBJ picks up the telephone and calls Gen. Eisenhower in Gettysburg, Pa., to talk out a problem or two.

On the domestic side, the President is influenced by a wider variety of staff men, Cabinet officers and business and labor leaders, than on the foreign side. His program chief is, without doubt, Joseph Califano Jr., who grew up in Brooklyn and was graduated from Harvard Law School. Under Califano's guidance, the legislative program is hammered out.

On economic issues and in programing as well, LBJ turns to his triumvirate of Budget Director Charles Schultze, Gardner Ackley, chairman of the Council of Economic Advisers, and Secretary of Treasury Henry Fowler, roughly in that order. Schultze has emerged as one of the most valuable of White House figures because he heads an expert "general staff" in the Budget Bureau and his calculations and judgments are brought to bear at every crucial point in developing the budget and devising a program.

Ackley, a soft-spoken University of Michigan economist with a deceptive air of the professor, keeps the President up-to-date on the performance of the economy, flagging inflationary trends, spotting changes of consequence, maintaining a vigil which might require adjustments in Federal policy. And when the crunching fiscal decisions must be made, Fowler assumes a vital role. Although he is not an adviser, Federal Reserve Board Chairman William McChesney Martin exercises a constant influence upon the President because of his authority to lay down a monetary policy that can have a decisive effect upon many economic decisions by the President.

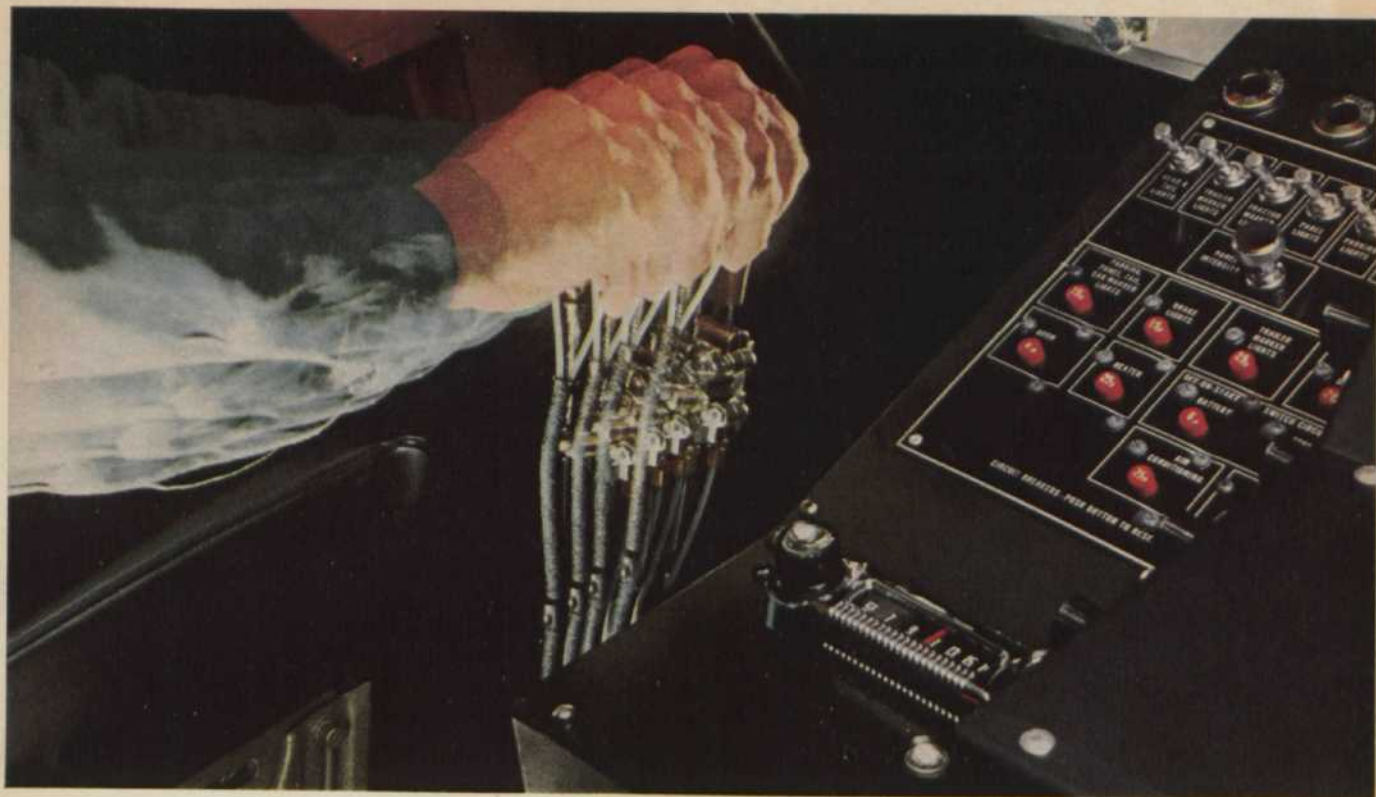
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Among the so-called "inner staff" at the White House, Harry McPherson, an urbane Texan, occupies an important post. He concerns himself mainly with civil rights, but he also writes speeches and acts as a chairman of sorts over a stable of speechwriters. Marvin Watson, another Texan, is the appointments secretary and handles many political chores. LBJ trusts and likes him, and that bestows power.

In the Cabinet, the eloquent, erudite John Gardner, Secretary of Health, Education and Welfare, holds a high place in the President's esteem. Gardner appears to have made manageable what had been previously regarded as an unmanageable department, and for this he also has a claim on the President's gratitude. Another Cabinet officer on whom the President depends is Attorney General Ramsey Clark. As chief law enforcement officer of the government, Clark has been at the center of law-and-order storms in the cities, and his advice on legislation is confidently sought by the President.

There are others who enter and leave the President's presence, play varying roles, exert great influence. Vice President Hubert H. Humphrey is one of them. His backstage influence is not always visible and rarely trumpeted, but it is considerable.

In the end, though, Lyndon Johnson is a strong personality and keeps his oar in everywhere. If there's any pushing or cajoling, he's doing it. For he is his own man.



The shift pattern is to Ford Diesels



Sales are already up 40%... and for good reasons. Reasons like big W-Series linehaulers, specifically designed to lower operating costs. But Ford's expanded line of Diesels accounts only in part for their 40% sales growth

in the first eight months of this year. The other factor is expanded service to owners.

More exclusive truck centers.

Already there are 68 exclusive truck centers, part of a strategic network of over 260 Ford Heavy-Duty Truck Dealers that specialize in Diesels and big gas rigs. They're backed by 6,000 regular dealers. You can't outrun Ford service!

Flying carpet parts service.

Each of Ford's 26 parts depots has a heavy-truck parts expeditor to handle rush orders—by air freight if need be.

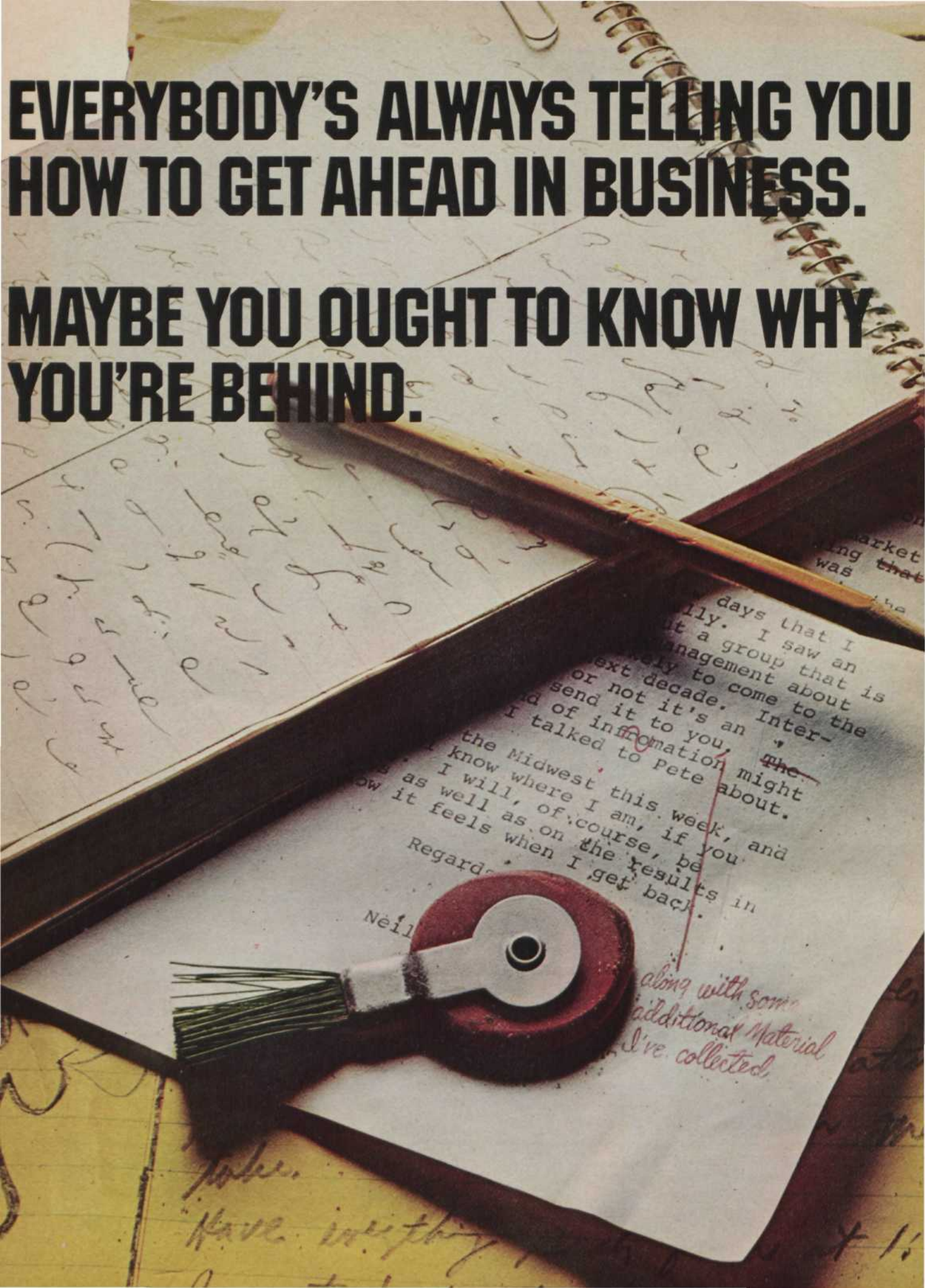
Full job-tailored line. Ford's choice of nearly 600 "standard" heavy-duty models is only the start. From there the 70 engineers in Ford's Special Order Department take over to custom-engineer exactly what you need. Gear for the future now... join the shift to Ford!



IN BIG TRUCKS TOO! BETTER IDEAS COME FROM FORD

**EVERYBODY'S ALWAYS TELLING YOU
HOW TO GET AHEAD IN BUSINESS.**

**MAYBE YOU OUGHT TO KNOW WHY
YOU'RE BEHIND.**



Maybe even before that, you ought to know what it takes to get behind.

The fewer ideas you have, the better your chances.

And your chances to get behind have never been better.

Look at how you go about getting an idea into final form. Either you write it down in longhand and give it to a secretary to type and, if there are changes or mistakes, retype. Or you dictate your thoughts to her and she writes them in shorthand, then types and retypes them.

Either way, what you're doing is processing your 1967 thoughts at a 1930 pace.

And since that puts you 37 years behind, maybe you ought to know how to catch up.

Using IBM dictation equipment you can get your thoughts recorded four times faster than you can write them in longhand. And very nearly twice as fast as a secretary can write them in shorthand. Which means you'll have more time to produce thoughts.

And with the IBM MT/ST (a rather remarkable automatic typewriter that takes a secretary's rough draft and types it back error-free at the rather remarkable rate of a page every two minutes), a secretary can get those thoughts out the door in final form, including your revisions, in half the time. Which means she'll have more time to assist you in other areas, which means you'll have even more time to have ideas.

In fact, used systematically throughout an office, these two pieces of IBM equipment alone have increased people's productivity by 50%.

And that sounds like an idea you might want to pass along to your company, who in turn might want to call an IBM Office Products Division Representative.

Since your company would like to get ahead as much as you.

Machines should work. People should think.

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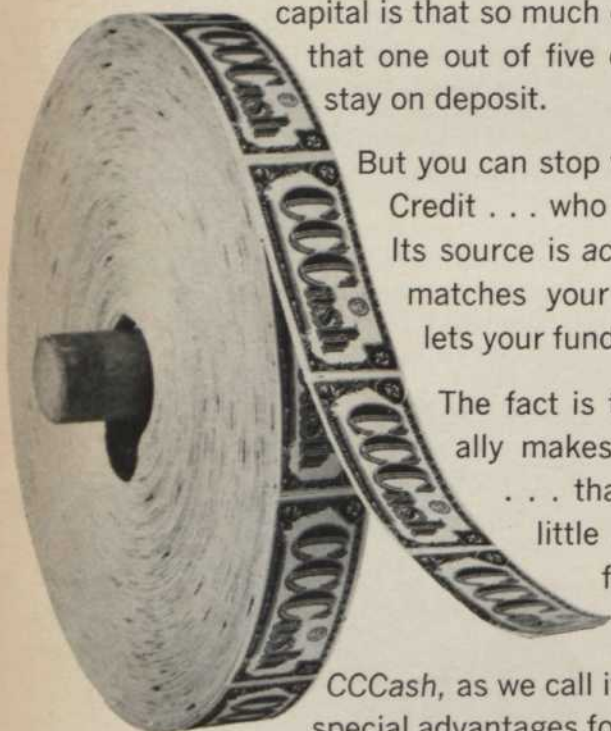
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The IBM MT/ST. The typewriter that turns rough drafts into perfect copy. Automatically.

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Maybe you're wondering. Maybe the only thing continuous about your working capital is that so much of it is continuously tied up in receivables. Or that one out of five of the dollars you borrow must continuously stay on deposit.

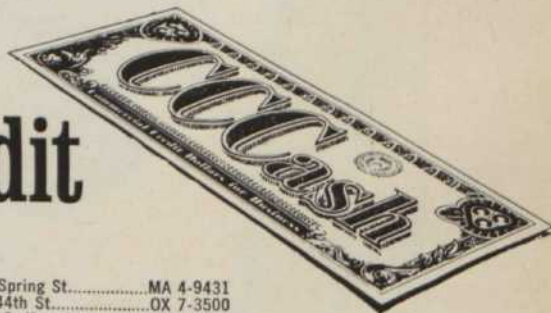


But you can stop wishing for continuous cash. Call Commercial Credit . . . who pioneered it in 1912, perfected it ever since. Its source is *accounts receivable* financing, the method that matches your tied-up cash almost dollar for dollar and lets your funds grow with your needs.

The fact is that a Commercial Credit business loan usually makes *more* money available . . . *more* promptly . . . than other sources can. Borrow as much or as little as required, for as long as desired. Pay only for the dollars you use, only for the days you use them.

CCCash, as we call it, is a very special kind of money . . . with very special advantages for your business. To get some, or to learn more reasons why you should, ask our nearest office for the man who can explain and expedite everything.

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A cause of optimism for mankind

BY FELIX MORLEY

It would be interesting, at least for those who attain the distinction, to know the percentage of marriages that last through to what has long been called a Golden Wedding. Curiously this is one statistic as yet unobtainable from any of the multifarious agencies of the Federal Government. That may be because the anniversary takes its name from the enduring value of a bygone currency standard, contrasting painfully with Washington's effort to make us think that depreciating paper tokens are as good as gold.

Of course computers could quickly tabulate the requisite information and it seems likely that golden weddings are on the increase, relative to population as well as in numbers. Greater longevity and earlier marriages sustain this conclusion, though it must be tempered by our high divorce rate. Nevertheless one may assume that every couple at the altar rail this Christmas season will stand a better chance than did their grandparents of celebrating together 50 years hence.

If so, society has something working for it, at a time when so much of the news is focused on social disintegration. The home is still the basis of civilized life and there is little hope of attaining national, let alone international, unity if it cannot be secured by man and wife. Any marriage that has stood for half-a-century is *prima facie* evidence of such unity.

Of course there are many happy marriages, and remarriages, that have not so far survived more than a fraction of that time, and yet have firmly established domestic stability. A silver wedding anniversary is, in a somewhat lower key, essentially as notable as the golden. Alike for husband and for wife, the first 25 years are undoubtedly the most difficult. At that point the rockiest ground has already been traversed. Both parties know the worst about each other and, given continued life, will thenceforth be determined to make the best of it.

It is said of Methuselah that while he lived 969 years and had numerous children, those were his only accomplishments which the compilers of Genesis found worthy of record. An equally uncharitable observation could be made about most golden wed-



PHOTO: FRED WARD—BLACK STAR

Dr. and Mrs. Morley celebrate their golden wedding anniversary this month.

dings. Couples wholly without achievement in any significant field will nonetheless get a sort of honorable mention locally, merely for having lived together for a relatively meager 50 years.

Unquestionably we do not want many Methuselahs. The economy would stagger under the drain of monthly old age assistance checks drawn by them for centuries on end. But golden weddings, even of the most humble, could be multiplied with benefit to all, except perhaps the tottering celebrants. That is because a half-century of unbroken marriage represents a social

Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.

TRENDS: STATE OF THE NATION

accomplishment not the less praiseworthy for its lack of outwardly dramatic quality.

In any domestic alliance that has lasted that long a high degree of toleration has necessarily been developed on both sides. Men and women, being what we are, will never live together in a continuous state of connubial bliss. Time and again, over trifles as well as over fundamentals, they will differ sharply and deeply. "Love conquers all things," we have it on the best authority. But in the struggle, severe wounds to pride and prejudice are often given and received.

So what is notable about a golden wedding is not the mere accumulation of enfeebling years, but what these have witnessed in the sublimation of discords into harmony. The fortunate pair is honored not as individuals but as a team. It has demonstrated that the values of mutuality are much greater than the combined self-interest of both parties. Of course, as every woman knows, it is her duty and privilege to be foremost in concessions. But, over the centuries, men also have learned magnanimity. Almost without exception, the peace of a golden wedding has been negotiated; not brought by unconditional surrender.

The occasion, therefore, symbolizes the human capacity for reasonable agreement and deserves attention primarily for that invaluable trait. It is a joyful reminder that the incessant conflicts of daily life, increasing as complexities multiply, can be resolved by the most ordinary people, provided only that they have and show goodwill. Here is a couple that came together as boy and girl, the more immature if they thought themselves sophisticated, actually knowing little about themselves, about each other or about the ways of a rather grim world. Now they are experienced and happily no longer conceited. They are probably crotchety and possibly pitiable. But in old age they are still united.

If this quiet and enduring adjustment can be accomplished by everyday people of the opposite sex, it can be achieved between other divisions of the social order where disagreement is also natural and commonplace.

Thus, with some effort, there can be greater harmony between parents and children, or between teacher and pupils, whenever mutual respect and forbearance are used to bridge the difficult chasm between the generations.

With similar goodwill there can be much better racial relations, across the even more difficult bar of color.

There could be far better industrial relations, if both labor and management would more constantly realize that their interest is also mutual, and that both have a paramount duty to the general welfare.

Everywhere there is room for improvement in the relations between government and governed, with less of the arrogance of office on the one hand and a more active appreciation of the duties of citizenship on the other.

And, perhaps most urgently, it is important to subordinate flamboyant patriotism and xenophobia in the relations between nations, the more so the more powerful they are. Clearly the shrinkage of space has brought us to a stage where there can be no real victory in the forceful subjugation of a neighbor.

When two quite humdrum individuals can conciliate their divergent interests for a lifetime it is surely silly to believe that violence will be helpful in the solution of other social problems. And that is the moral our aging couple is entitled to draw from the trials they have surmounted. "It can't be done," one hears them say, "but here it is."

These thoughts would seem particularly cogent for a golden wedding which comes at this particular juncture of world history. A couple married in December of 917 would have seen little change in the very unlikely event that both were living half a century later. A millennium ago civilization was practically static and 50 years brought only trifling alteration of custom, habit or environment.

But between 1917 and now the rush of events and the progress of invention and technology has been torrential. This is no longer the world in which a handful of communists had just seized precarious power in Russia and when Americans were still thinking in terms of a "return to normalcy."

It is no longer the world in which the white man considered himself destined for dominance; when the idea of a Negro on the Supreme Court, or as elected mayor of a great American city, would have seemed fantastic. What was normal in 1917 certainly is not normal today.

Indeed, in this era of whirlwind change, one would be hard put to define "normalcy," in almost any line of human endeavor. That is why most thoughtful educators press the case for expanding cultural as contrasted with purely technical studies. We may be fairly sure that the values inculcated by the humanities will remain constant, while the procedures involved in every form of applied science have become kaleidoscopic.

Change, of course, is essential to progress. An almost infinite number of sweeping improvements have made life today far easier and more comfortable, certainly for most Americans, than it used to be. But change is not necessarily progress. Half a century ago life was less hazardous; there was less anxiety about the future and certainly less social bitterness and hatred than boils around us now.

So the value of a contemporary golden wedding lies in its evidence that human relations can be kept stable in spite of the malevolence of fate and no matter how chaotic and confused the setting in which they are placed. Such continuity is the seedbed in which all the flowers of progress root.

The greater the flux in human events, the more important are the tested traditions that hold society together. Of these traditions a healthy home is the most fundamental. Everything rests on that.

No dictation, no matter how restrained, can provide the amalgam which makes every golden wedding a cause of reasonable optimism for all mankind.

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A new kind of war profiteering

BY ALDEN H. SYPHER

A new note brightened conversation among the authors gathered as guests of honor at a New York literary luncheon.

Instead of the usual lighthearted banter about each other's places on the best-selling lists, a new measure of literary attainment, impact and success cropped up—the authors' places on Dean Rusk's blacklist.

Said Roger Hilsman to John K. Galbraith: "The Secretary of State has moved me up to No. 1."

The sophisticated Mr. Galbraith looked mildly chagrined, *The New York Times* reported, as Mr. Hilsman continued:

"You've dropped to third behind Arthur M. Schlesinger Jr."

Hope replaced the distress, feigned to some degree no doubt, on Mr. Galbraith's face as he shot back gaily: "I have a magazine article coming out soon that I'm sure will reinstate me in my position." He pinned his hope, he said, on a punch line making the point that "to change the policy you must change the men."

• • •

A literary luncheon, in case you've been paying attention to business, is a gathering sponsored by book-sellers, advertising media and book writers at which females pay cash for the privilege of paying homage to the literati—who are there to peddle their books to these same females. Men are allowed in, but few show up.

In this particular instance the lively chitchat among the head-table set took place at the Waldorf Astoria, where 900 women paid \$8 if they ordered lunch, or \$2 if they just came to look and listen while several book writers displayed their cleverness as speakers in the belief that this would lead to sales.

Who is this Roger Hilsman who places himself first, even if in jest, on an imagined blacklist of the Secretary of State of a nation at war?

He's a former assistant Secretary of State. Don't feel uninformed if you didn't know that. After all

Mr. Sypher, a lifelong journalist, is the former editor and publisher of NATION'S BUSINESS.

there are eight pages in the Congressional Directory listing such assistants, deputies, chairmen, directors and executives.

Mr. Galbraith also once served the people of his country under Secretary Rusk. He was ambassador to India.

Mr. Schlesinger, who did not attend this particular party but was mentioned there, once served as an assistant to the President of the United States.

These political camp followers turned critics have this common background:

All three served the party presently in power in Washington.



All three chose, or found it convenient, to return to academic life.

And since leaving, all three attack in print and speech the policies and procedures of the administrators they served.

The principal target of their attack is the President's conduct of the war, but their aim often seems

TRENDS: RIGHT OR WRONG

to be at LBJ himself. They contribute little new to the debate about war. They recirculate old demands. They demand peace, which Hanoi declines to negotiate. They demand cessation of bombing, which our military says would cost American lives. They demand de-escalation, but offer no reasonable plan to accomplish it.

The frenzy with which they fall upon the President is disclosed by Mr. Galbraith's conclusion that LBJ must go, since "to change the policy you must change the men."

Their lighthearted enthusiasm for the attack is evident in their humorous treatment of Secretary Rusk's imaginary blacklist, and the obvious pride they feel in being at its top.

While all three of these men may have found their service in high places was an exercise in frustration, rather than influence, there is no doubt they exert today a degree of leadership in the anti-war and anti-LBJ camps.

• • •

If men who have served close to the President of the United States can threaten him with political extinction unless he comes quickly to heel, why cannot men with lesser credentials but even greater dreams of glory safely climb aboard the bandwagon?

Younger men who have any doubt at all about their rightful place during war, or their ability to face war, can find support for their doubts when they see the motley parade thus set into motion.

Could it be that these men and a few other professors, preachers and poets, who thrust themselves into news columns and TV screens as leaders in an anti-war movement, have found a way to fill an uncommon need for attention?

This could be their peculiar form of war profiteering.

You can't get much public notice by taking a roundhouse swing at a person of relatively slight stature—a historian, for example. Or an economist, or a professor.

But take a hard enough cut at the President of the United States or the nation's conduct of a war in which American lives are being lost every day, and you're fairly sure to hit a jackpot of attention.

• • •

Whether or not he planned it on that basis, Sen. Eugene J. McCarthy, the liberal Democrat from Minnesota, hit such a jackpot a few weeks ago.

The former teacher at St. Thomas College in St. Paul has been quietly opposed to the President's Viet Nam policies for a long time. But he has been calm about it. He has seldom spoken on the subject, and when he has, it has been with restraint.

Sen. McCarthy suddenly lost his calm with a blast directly at Secretary Rusk, but hitting also at the President. The Senator, a member of the Foreign Relations Committee, accused Mr. Rusk of bringing up the yellow peril in debate on the war, and obscuring policy issues. He attacked the nation's Far East-

ern policy as being based on unsubstantiated conclusions.

Secretary Rusk denied the Senator's contentions and accused him of attempting to put words in his mouth.

Sen. McCarthy's blast at his own party's policies came within a few days of the publication date of his new book: "The Limits of Power: America's Role in the World."

• • •

Another growing group of men have much in common in that they are in conflict with their country's draft law.

Among these men are Cassius Clay, who prefers to be known as Muhammad Ali, Johnny C. Wilson, John P. Tillman, Larry Fox, Donald Stone, Michael W. Simmons, Robert Barber Moore and William Sloane Coffin Jr.

Mr. Clay is free on bond pending appeal of a five-year prison sentence and a fine of \$10,000 for failure to submit to induction into the Army last June. You will recall that he appeared at the center as directed, but declined to take the one forward step that would signify induction into the Army.

Wilson, Tillman, Fox and Stone were sentenced to three years in prison for hindering inductees in front of an induction center in Atlanta. Simmons was sentenced to three years in prison for draft evasion. Moore drew a sentence of six months for damaging government property when he and others tried to storm the induction center, an attempt which was broken up by Atlanta police.

The Rev. William Sloane Coffin Jr. is the chaplain at Yale University. He is not under prison sentence. Unlike Cassius Clay and others, he has not refused to take that final step. In fact he hasn't been asked to take it. He just advises others.

Mr. Coffin is against American involvement in Viet Nam. He urges Yale students to consider turning in their draft cards as a protest against war.

"I've been very careful not to push them into it," Mr. Coffin told a reporter, "but I tell them they must at least consider the possibility. They can't duck it." They can't, that is, if the Yale chaplain has his way.

Mr. Coffin has been talking with student leaders and graduate divinity school students, two groups whose civil disobedience would have a "particularly striking effect," he observed.

Among the student leaders he has called in to discuss turning in their draft cards are the head of the Student Advisory Board, and the two top young men on *The Yale Daily News*.

"This was no pressure I put on them," Mr. Coffin said later. "It's my job as chaplain to raise issues that are issues. I called them in simply to point out that civil disobedience is a possibility they must face."

He made no converts among these three.

One of them told a reporter:

"I don't think Bill Coffin has quite squared with the fact that a student, in turning in his draft card, might be closing off all avenues for later life.

"Coffin acts as though he were just as vulnerable, but he's not, because his life already is set."

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WHAT THEY'LL DO IN '68

Politics and the pocketbook
will set the legislative tone

Members face the second session of the Ninetieth Congress in January with a king-size headache that's a hangover from their long, long 1967 opening term.

Viet Nam and money will continue as the painful worries for Congress next session. But there's a big list of other issues that will be of special concern to business.

You could see new laws to deal with rioters, added tax incentives for industry, a fresh approach to welfare, new insurance laws, minimum wage changes, for example.

"Viet Nam is the shadow over all foreign and domestic policy," Sen. Mike Mansfield of Montana, the Democratic majority leader, tells NATION'S BUSINESS.

The economy fervor that exploded in the House at the tail end of the year, many members say, was a reflection of a mood you can't have guns and butter, too. A public mood that resented the idea of a

tax increase, with the rising cost of living and concern over future inflation.

Inflationary spending will be a big issue again in 1968, yet House Democratic Leader Carl Albert of Oklahoma says at the same time there is "tremendous pressure for more spending," citing the big cities crying for more government help to solve urban ills, especially in the ghettos.

Representative Albert agrees with Senator Mansfield that many of the broad issues from the first session will carry over into the second.

"It's going to be a session of strong crosscurrents," he predicts, "a tough year."

Republican House Minority Leader Gerald R. Ford of Michigan sees a continuing struggle over spending, "eyeball to eyeball."

The script will be new

While the broad issues may be a



PHOTOS: MICHAEL LENZI

Eyeball to eyeball fight is certain on appropriations . . . Rep. Ford

Viet Nam war is the shadow over all legislation . . . Sen. Mansfield



rerun of the first session, unlike the late, late movie, the script will be vastly different this time around.

This is an election year, when a President will be chosen as well as the full House of 435 members and 34 of the 100 Senators.

Every member of Congress is wary of the nation's mood and mindful of the first law of politics: You've got to get elected.

Word from home was the primary reason for the House's stunning reaction to the President's tax increase proposal with no dramatic cuts in federal spending. That's the view of many, including Rep. John Rhodes of Arizona, chairman of the House Republican Policy Committee.

"The mail has simply been terrific," he says.

NATION'S BUSINESS editors talked with Congressional leaders and key committee chairmen to try to assess the decisions facing them that will influence business next year.

What Congress did and didn't do in 1967 and will or won't do in 1968 will weigh importantly in the political campaigns.

"An unholy alliance" of Republicans and some Southern Democrats is blamed by one key Democrat for the way the President's program was shot down, especially in the areas involving social programs.

And there is musing about the way President Truman used what he called the "do-nothing Eightieth Congress" to help catapult him from underdog to victor in the 1948 Presidential race.

"Taking away the programs that will help the poor and underprivileged on their hard journey through life is going to be hard to explain," claims a ranking Democrat.

But Representatives Ford and Rhodes scoff at this and don't believe the President can use this as a campaign tactic.

"I don't think he can get away with attacking Congress and blaming Congress. After all, this is a Democratic Congress," says Representative Ford, defending the Republicans as a "constructive minority."

Some hot issues

High on the list of hot issues that Congress is apt to face in '68 are the riots that exploded in more than 100 cities last summer and are expected to sear the nation again in 1968.

"It is increasingly clear we are in an extremely serious crisis on the subject of urban affairs and riots,"

says Sen. Fred Harris of Oklahoma, a member of the President's commission which probed the causes of the riots.

"There are no cheap solutions."

Senator Mansfield expects there will be emphasis the next session on returning "to old-time respect for law and order."

Scores of ranking Congressmen echo his words.

Everyone looks for a long '68 session.

"It will be as difficult, if not more difficult, to pass the President's program," Senator Mansfield says.

Naturally, Presidential politics will play a major role in Congress in 1968. Republicans hope to use what happens on Capitol Hill to boost their party's chances of capturing the White House. Democrats want to use their majority power to make sure they hang on to 1600 Pennsylvania Avenue.

No one expects the President's popularity—which polls indicate was sagging at the end of the year—to stay that way.

"The polls will show the popularity of the President getting higher and higher as Election Day comes up," says a veteran Republican.

"It happens every time."

"The President will do all right," confidently predicts Representative Albert. "The Republicans will just keep on trying to frustrate and embarrass him."

Tricks up his sleeve?

Republicans and Democrats differ on the possibility of any dramatic, brand-new programs that might be proposed by the President.

"I don't anticipate any," says Representative Albert.

"This is only my opinion, but I would say there might be new emphasis on some of the present programs, maybe some new approaches, but nothing really major and new."

Representative Ford has a different idea.

"It would surprise me if Johnson didn't have some surprises in his State of the Union message. He will offer a lot of goodies on a Christmas tree. It will be a political document, full of political sex appeal."

If riots and urban ills are in the spotlight, so will be efforts to solve them.

"I think there is an increasing chance that some sort of tax incentive for job training and jobs may be passed," says Senator Harris, a member of the Senate Finance Com-

mittee that has jurisdiction over much legislation in this field.

"There has to be some sort of new approach to welfare. The taxpayer doesn't like it the way it is, and the poor don't like it. I think jobs are the key. And it doesn't do much good to train someone for a job that isn't there."

Despite the heavy cost of Viet Nam, few Congressmen doubt President Johnson will push with renewed vigor his war on poverty, a keystone of the Great Society. But, at the same time, pressures will continue to dampen the forward thrust of the poverty program.

Says Representative Ford:

"I think we have to cut back the program and give it new direction. Poverty will be a continuing program in Congress but at a reduced figure."

"The President will ask for more but get less. Yes, he will ask for more, but it will be a political gesture rather than a sincere belief that he will get what he requests."

A long agenda

The cost of the war in Viet Nam . . . taxes . . . inflation . . . spending . . . riots . . . the plight of the cities . . . the hardship of rural areas.

Just these major items provide the basis for a troubled Congress and a long one.

The war costs will have some effect on just about every action of Congress. But there are those who are looking beyond Viet Nam. What will happen then to the nation's economy, they ask.

"I'd like to see committees—like public works—go to work on projects that we'll have ready to go after Viet Nam," says Representative Rhodes.

"Projects that we really need but just can't pass now."

Big mileage in Congress in election year is expected from hearings and legislation that carry maximum headlines and a minimum price tag.

You can expect more action in the consumer field and in areas such as insurance and safety.

Automobile insurance investigations mushrooming late in the first session could be greatly expanded in the upcoming session. It's a subject dear to the heart of every car owner and questionable operations of some companies rub off on reputable firms.

The problem of business getting fire and theft insurance in areas wracked by riots or in potential riot areas has already caused nu-



merous studies and proposals, including government-backed policies. This is a legislative area that could be expanded.

Rising sentiment for protectionist legislation for basic U. S. products such as steel, cotton, oil that bloomed late in the opening session is almost certain to surface again in 1968. Fighting over trade questions could be bitter.

On tap again, too, will be control of gun purchases, election reforms, scenic rivers plans, the Arizona Colorado River project that affects a large section of the West.

Prospects for civil rights legislation look dim, but attempts will continue to pass an open housing law.

Health is always a fertile field, particularly myriad research program proposals.

Key committees that business will want to watch closely the next session will be Commerce, Banking and Currency, Ways and Means, Appropriations and Education and Labor.

Representative Ford says he wouldn't be surprised if the Presi-

dent submitted new labor-management legislation.

"There will be some political advantage by indicating his concern," he declares. "As for improvements in the Taft-Hartley and Landrum-Griffin Acts, it will raise hopes in the minds of business people that he'll do something, but that's as far as it will go."

Most Congressmen, however, don't expect much in the way of labor legislation. Predictions of strife in steel, rails, shipping and the aerospace industry for 1968 could revive demands for a tough strike law.

Tax reform and privacy

There is certain to be sound and fury about government invasion of privacy. A number of House members are pushing legislation that will curb the Census Bureau in its detailed population surveys.

On the other hand, there is a push to legalize wiretapping as a means of combating organized crime, as well as to protect national security.

There'll be a hundred new bills

introduced again in the tax field, refining or duplicating hundreds of proposals already awaiting hearings. Most of these will die of old age waiting a hearing, and these include the scores of "tax credit" measures, covering everything from use of personal automobiles in driving to and from work to the cost of repairs in your own home. The Treasury will be chary about any revenue losses with the deficits it now has to shoulder.

Were it not for Viet Nam expenses, the idea of giving parents tax credits for the expense of sending their children to college could get through Congress.

Representative Wilbur Mills,

Speak up to your Congressman

BY FRANK N. IKARD

People have wanted to know how to influence Congressmen since the first days of our republic. My recommendations for effective communications are simple:

1. Know your Congressman.
2. Know your subject.
3. Know the procedure to follow.

A Congressman is about the easiest public servant to meet. Up for re-election every other year, he has little time to mend fences, work up grass-roots support or find material support. He must continually maintain all of these prerequisites. If he ever loses these contacts, he will be

FRANK N. IKARD provides suggestions based on his 10 years as a member of the House of Representatives from Texas. Now President of the American Petroleum Institute, Mr. Ikard has written and spoken extensively on this topic.

replaced by a new man who has been "out meeting the people." When he does get back to his district, he is eager to meet as many constituents as possible.

This applies to every constituent, regardless of party. Don't fall out with him because he doesn't vote your way on every issue. Keep your eye on the main issue.

Of the sackful of mail hauled into a Congressman's office every morning, only about one letter in 25 will be from a constituent who really knows his subject. The Congressman has, at best, only three or four staff members to answer about 300 letters a day. They can't tarry trying to explain in detail what the facts are—because tomorrow will bring in another 300 letters. So, the misinformed letter-writer receives a vague but pleasant stock reply that pleases no one.

Base your request on what you know from your own experience. Give your Congressman



Mail from back home spurs House economy fervor . . . Rep. Rhodes

sue. If it ever gets to the floor, it will probably expand into a talkfest about the nation's whole posture in European programs.

Space has lost much of its glamor and urgency. It has been caught up in the battle of the buck. Chances are it won't get any more than the some \$5 billion it's been getting annually.

The Administration would like to see Congress back a definite space goal beyond the moon. It doesn't want the Russians to romp ahead. But with the economy tide running high, it isn't likely to push for this—or get anywhere if it did.

Research under fire

One area that is going to continue to draw Congressional attention is the number, and cost, of the thousands of research grants financed by the government. Many feel this is a major area where pruning shears will work. However, the Senate is cool to House criticism of the National Institutes of Health programs.

"All of us aren't going to die in a nuclear war," chides Senator

Harris. "Some of us are apt to die of heart failure, cancer, lung diseases," all major projects at NIH.

But critics maintain that NIH can't spend efficiently all it gets.

Fresh controversies are sure to pop up to command Congress' attention. The ethics investigation of Sen. Thomas Dodd (D-Conn.), the furor over Rep. Adam Clayton Powell of Harlem, the election campaign financing propositions all emerged in the first session as time-consuming, headline making issues.

Congress in 1968 could be as unpredictable as Congress in 1967.

"I've never seen anything like it in 30 years," says a veteran Senate committee chairman.

A feeling of general discontent over the country is in part to blame for this.

"Lord, who'd ever thought hippies and flower children would really make the scene in a serious way," sighs a veteran.

But who would have ever thought a group of Congressional interns given plush summer jobs would turn on their bosses, denounce the way they were voting and even plan to stage a demonstration at their annual greeting by the President—a greeting that didn't take place after the move became known.

It happened. So expect anything in '68.

END

facts and figures clearly and concisely. Tell him how the issue would affect your own business.

One good source of information is your trade organization. Most of them have staffs in Washington who keep a constant stream of advice pouring out on every subject that would affect your business or organization.

Let us assume your primary issue is taxation of cooperatives. Your Congressman is, let us say, a member of the House Committee on Foreign Affairs. As such, he attends daily committee meetings from 10:00 a.m. until Congress convenes at noon. He's an expert on subjects under consideration by his committee, but not necessarily on other matters. From noon until about 6:00 p.m. he is on the floor of the House where legislation being voted upon requires his presence, or else he is back meeting with his committee. After 6:00 p.m. he gets a chance to read and sign the answers to today's 300 letters. Even putting in a 10- to 12-hour day, he won't know too much about the taxation of cooperatives, which is under the jurisdiction of the Ways and Means Committee.

Let's go back to your letter about taxation of cooperatives. Ask your Congressman to discuss

it with your regional representative on the Ways and Means Committee. Each member elected to that committee represents a region of the United States.

A constituent who follows the procedure I have recommended has not only the weight of his own testimony, in his letter, but the added persuasion of his Congressman's endorsement.

Timing is also very important. Write to your Congressman when the bill is pending in committee. Do not wait until the bill is brought to the floor. The place to "kill" a measure or amend it favorably is in committee.

Do try to talk to him personally about your legislation. If this is impossible, write him a letter with your business letterhead printed, and your name signed legibly or typed at the bottom. A letter is better than a telegram.

If your Congressman pleases you with his vote on any issue, write him and tell him so.

Don't feel your letter would impose on your Congressman. As long as he gets letters from home, he knows he is on the right wavelength. If the mail drops off, he begins to wonder which fences have broken down. He wants to know what his constituency is thinking.

END



WILL THEY GET CONTROL OF SPENDING?

At the height of recent Congressional debate over taxes and spending, Chairman George Mahon of the House Appropriations Committee declared in exasperation: "I need to know if the economy drive is skin-deep or bone-deep."

The bushy-browed Texas lawmaker likes to remind colleagues of the economy drive he witnessed in 1957 when then Treasury Secretary George Humphrey warned of hair-curling inflation.

"We got on our horses," he says, "and did we ride!"

Congress gave no such clear answer in the 1967 session.

Continuing prospects of higher taxes, inflation (possibly both) and high spending commitments have generated new pressure on Capitol Hill to strengthen Congressional control over expenditures.

Talk of economy is plentiful:

Senate Majority Leader Mike Mansfield urges Congress to stop, look and listen—and set priorities.

A G.O.P. task force has a comprehensive 13-point program for fiscal and budget reform.

The Joint Economic Committee of Congress calls for a \$5 billion cut.

Chairman Wilbur Mills of the tax-writing House Ways and Means Committee demands nothing less than a thoroughgoing reassessment of both the operation and direction of federal government programs, as well as their costs.

Rep. Mills is sponsoring a bill to set up a "government program evaluation commission" for this purpose.

He is joined in the Senate by Chairman William Proxmire of the economy-minded Joint Economic Committee.

A raft of other review proposals, ranging from government procurement waste to Congressional and Administration operations, also has been introduced.

A President's Commission on

Budget Concepts, representing Congress, the Administration, business and the academic community, has proposed budgeting reforms that reflect much the same concern.

Two reforms in the works

Often ignored in debate over taxes, spending and proposals for fundamental change are two modest reforms that have been moving slowly through the legislative mill.

One is the so-called Monroney-Madden reorganization bill (called the Monroney-Curtis bill on the Republican side of the aisle) which provides some change in money controls but is burdened with other controversial provisions. It has passed the Senate.

The other measure provides for Congressional review of new federal grant-in-aid programs. While not for existing programs (totaling \$16.7 billion this year), it's regarded by sponsors as a step in the right direction.

The problem, of course, arises from Congress' lack of spending control through the appropriations process. As Representative Mahon has pointed out, "It is a substantial misapprehension of the facts to think that Congress exercises its full spending power through the traditional annual appropriations bills. There was a time, long since passed, when it substantially did so, but not any more."

Rep. Thomas Curtis of Missouri, a high-ranking Republican on the Ways and Means Committee, the Joint Economic Committee, the Joint Committee on the Organization of Congress and a co-author of the reorganization bill, points to one chart in the 1968 budget to tell the story in current terms.

Of \$144 billion requested, only \$95.7 billion is sought for fiscal 1968, with \$48.3 billion to be used in future years. Unspent authorizations from prior years total \$125.6 billion, of which \$39.3 billion is for

use this fiscal year and \$84.5 billion for later spending. So this year's spending is projected at \$135 billion, leaving unspent authorizations of \$132.8 billion for the future.

At one point in the appropriations process this year, for example, the House cut \$1.6 billion; but the effect on current spending was only \$650 million.

Testifying for the tax increase, Treasury Secretary Henry H. Fowler and other witnesses repeatedly pledged "tight expenditure control." Said Budget Director Charles L. Schultze: "We will be giving each agency a reduction target as soon as its appropriations bill comes through." At the same time, however, Mr. Schultze declared that the budget contained only \$21 billion of "immediately controllable civilian expenditures," including a hard-to-cut \$8 billion in payroll and \$1 billion proposed civilian and military pay raises.

He pointed, in addition, to "relatively uncontrollable" expenditures, including \$900 million set by law—\$400 million in increased payments for farm price supports, an unexpected \$300 million increase in the cost of "medicaid" and \$200 million for medicare.

Mr. Mills observed: "What disturbs me so much is this—that if we are not very careful, these built-in increases . . . may well increase by an amount equal to or greater than the amount that we get from the increase in the base of the tax. . . ."

Economy pledge vanishes

Rep. John W. Byrnes, ranking G.O.P. member of the House Ways and Means Committee, said an Administration pledge to balance increased taxes with spending cuts "has certainly gone up in a puff of smoke."

To be sure, he said, the Administration promises restraint. "Yet we have no less a person than the Vice President pointing out that it is

Congress that is responsible for the riots and the unrest because they haven't appropriated enough money."

And Mr. Curtis scoffed at mention of the Administration's freeze of highway funds in 1967 as an economy measure. Pointing to highway financing from a separate trust fund fed by user taxes, he shot back: "That had nothing to do with general revenues."

Representative Mahon's earlier comments on the pending reorganization bill are still timely in relation to the current tax-increase debate, some of the President's budget

He has also been critical of long-term obligations in the housing field, including rent supplement legislation.

"It would be interesting to speculate," he said, "on how many members of the House and of the Senate were fully aware that in voting for the bill they, then and there, for all practical purposes, exercised the power of the purse in respect to these programs."

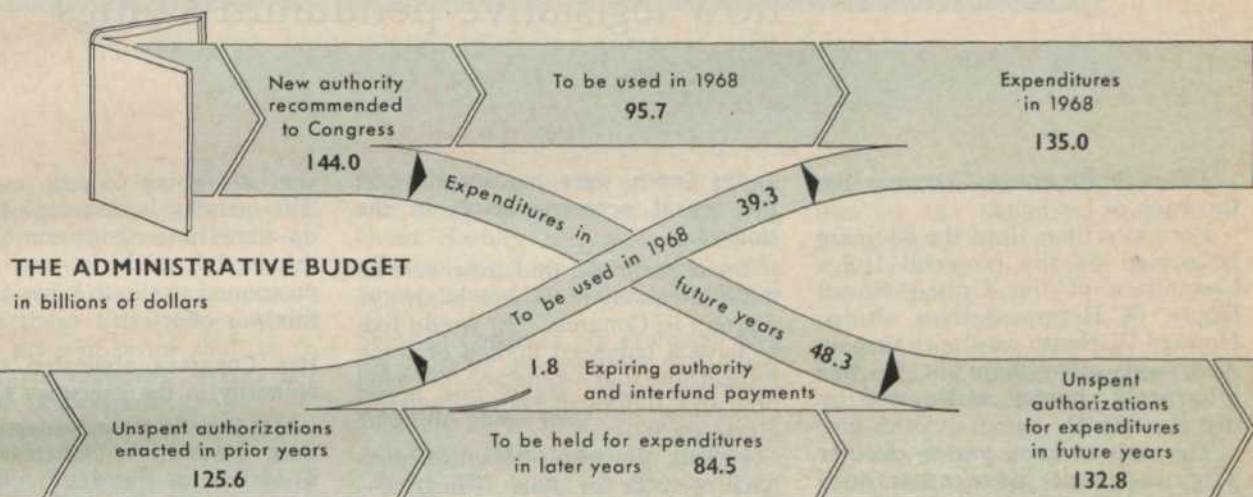
His conclusion: "Congress exercised its control of the purse when it enacted these permanent arrangements—and then let go, so to speak."

A 1946 Congressional reorganiza-

tion must be better related, the Commission continued, calling spending the best measure of government's economic impact and appropriations the best reflection of priority decisions.

Timing is important as well. The budget should "show clearly the total amount of appropriations requiring current action by the Congress, as well as the total amount which will become available without further Congressional action, including comparisons with the current and later fiscal years."

Many of the concerns reflected in reorganization and budget re-



Fiscal '68 budget shows Congress' problem in cutting spending on annual basis through appropriations process.

commission proposals and the reorganization bill.

One key recommendation for spending control that has popped up frequently is to tag each piece of spending legislation with projected costs over a five-year period.

Another suggestion is to schedule debt-limit debate earlier in each session to provide a coordinated view of federal spending activity.

Appropriations Committee Chairman Mahon has called for earlier action by legislative committees which establish programs and set spending authorization before appropriations subcommittees can get to work on them. He favors mid-term updating of budget information by the Administration.

Mr. Mahon has been particularly critical of contract authority, whereby Congress permits the Administration to undertake spending without recurrent permission of Congress.

tion act authorized the general Accounting Office, Congress' watchdog over spending, to make "expenditure analyses" of executive departments, but funds were never voted to carry this out.

The President's Commission on Budget Concepts recently called for adoption of a "unified budget" embracing in one document all government revenues and spending, including loans and loan receipts, to give a realistic picture of the federal government's total impact on the economy.

"Most particularly," said the Commission, "we believe there is a need for certain changes in concepts and in classification that will enhance public and Congressional understanding of the budget and will increase its usefulness for purposes of decision-making, public policy determination and financial planning."

Spending and appropriations in-

form discussion are expressed in "We Propose: A Modern Congress," drafted by the House Republican Task Force on Congressional Reform and Minority Staffing.

Its recommendations include a joint committee on the budget, a budget information service, improved and rescheduled budget presentation, "price-tagging" of authorizations, reduction of "fixed" budget commitments, joint Appropriations Committee hearings, revision of appropriations along functional rather than agency lines, increased committee staffs, greater program review by Congress and a strengthened role for GAO.

But, said Mr. Mahon, "The only way to reduce spending is to reduce authorizations and appropriations. And this is just the blunt, brutal fact."

"And to use some sort of gimmick to soften it does not get you anywhere." **END**

LESS LIBERAL LAWS AHEAD

Venerable ex-lawmaker forecasts how legislative pendulum swings

Judge Smith knows Congress like the back of his hand.

For more than 10 of the 33 years he served on the powerful Rules Committee of the United States House of Representatives, Judge Howard W. Smith was its chairman. And more often than not, he was alternately cheered and cussed by five Presidents.

The soft-spoken, courtly former Virginia circuit judge never hesitated to fight for what he believed: strict adherence to the Constitution, federal spending within reason and a belief that every major issue should have full, deliberate debate. No matter how long it took.

And it was this insistence—against a pell mell pace by the committee that must determine the order and manner of debate for all bills that go to the floor—which usually got him in hot water with Presidents.

"Sometimes a bill needed to be delayed to give the country enough time to realize what it was all about," he would answer the critics as he peered out from under a thicket of eyebrows.

During the 36 years he served in Congress, Judge Smith, now retired, became a recognized expert on its operations. How has it changed?

Is there a real economy mood on in the Congress, as the fight over the President's tax hike proposal indicates? Does Congress react to pressure?

In an interview with a NATION'S BUSINESS editor, Judge Smith gives his views about the Congress, current, past and future.

Judge Smith, were you surprised at the recent economy revolt in the House?

I was surprised that they were so insistent about it. There is always a group in Congress that would like to have a balanced budget or some indication that someday between now and Judgment Day we will get a grip on it.

I think the whole situation goes back a year or two. Congress—particularly the House—had been disturbed about this business of increasing the debt limit two or three times every year so as to take on new programs, new do-good movements all over the world. In the election last November, that feeling came to a head and brought about a more conservative minority in the House.

Since that time, the situation has not improved so far as reduction of expenditures is concerned. All that headed up into this final hassle which seems to have some prospects of putting some bridle on the budget. I personally hope very much that the thing may be solved in favor of cutting out a great deal of the waste that is going on.

So you feel there is more than lip service to the demand to reduce federal spending?

Yes, I feel that the House is in earnest about it this time. I think that they've got the majority to do something if they stick to their guns, and the indications are they will. I think not only the conservative element in the House but the country at large has become aware that if we have uncontrolled infla-

tion it's going to ruin everybody. The country is demanding that we do something about some of these things that could be—well, at least postponed until we have concluded this war effort.

Has Congress abdicated too much authority to the executive branch?

Oh, yes, there's no question about that. I went into Congress in 1931. That was in the depth of the Depression. We began to play footsie with the Constitution and began to abdicate the authority of Congress and the duty of Congress to enact legislation in such a form that it didn't leave too much discretion to the executive branch.

The result was that Congressmen passing these laws—and there were quite a few of them and still are—delegated to the President the power to carry them out.

I believe Truman had a saying on his desk, "Here's where the buck stops." As a matter of practical operation, that's where the buck started, because the President couldn't handle all those details. He had to delegate. So if we created a new agency, he delegated to the head of that agency the right to make regulations. Then the head of that agency couldn't do it all himself and he had to delegate authority.

So the delegation went from the President clear down to the janitor.

The basic trouble, I think, in the carrying out of all these new programs that have come up in the past 30 years is that Congress is doing something the Constitution never intended for Congress to do,



On his farm, Judge Smith reflects on Congress' past, future.

but instead should be left to the states. Congress has built up this great, big system that it can't operate.

The individual Congressman can't settle all these little things about what the price of beans shall be in the OPA, for instance. That's not a function of Congress.

Members have so burdened themselves with this extra work that Congress just doesn't have time to sit down and consider and study, and write legislation.

Is the only way to reduce spending a re-examination of whole programs?

Yes, I agree with Wilbur Mills [chairman of the House Ways and Means Committee] that the whole thing ought to be revamped, and I would hope that a whole lot of it would be cut out and eliminated.

What do you think is the big difference in this Congress?

Well, it's one of those pendulum-like situations where it goes too far one way and then it sort of hesitates. I'm in hopes that the net result is going to be a more conservative federal government, with more reliance on local operations of local affairs, rather than have the federal government, which is incompetent to do the job adequately and effectively, messing into things.

Do you see a trend toward more conservatism in government?

Yes. I think we are entering one of those periods. We've gone pretty far the other way and people are beginning to wonder about where it's going, maybe beginning to think

about the rise in the cost of living and just wondering what all this Great Society money is going to accomplish if we reach the point where money isn't worth anything.

Some in Congress are exercised that the federal government is getting bigger and bigger. What can Congress do about this?

I don't think you can just say: "We're not going to do anything more. We're going to abolish all these agencies." No, you can't do that. You've got to do it in a gradual way.

There are some programs that it seems to me never should have been initiated.

I never was very keen on going to the moon, for instance, and it seems to me that we don't really have to get to the moon in all this hell of a hurry.

Our scientific program: We're spending a nice amount of money on various and sundry research that, in my judgment, could well be suspended or postponed until we get through with this business of having a war.

They say that when you get out of national defense, there isn't anything left very much that you can cut. Well, that's a lot of baloney. There's plenty of places to cut \$5 billion. And \$5 billion is a mighty small proportion of it.

What about anti-riot legislation?

I don't think that we should have people like Rap Brown and Stokely Carmichael running around the country, stirring up riots and burnings wherever they go. I think

that government should have been firm at the beginning instead of going along with it.

Of course, the South has been the whipping boy on the racial issue for the last 100 years. When people who have not had to deal with the situation undertook to control and manage it, it led to a considerable danger to the country.

When they got up North and began to stir up this revolution, there was a very decided change in sentiment in the country and there was a decided change in the sentiment of Congress.

People in other sections in the country found out that this was an effort to really upset our system of government.

When you begin to tell people that they are entitled to be supported by the government indefinitely, and if they don't want to work they can sit down and the government will bottle-feed them, that sounds pretty good to the drones, but rough on the producing honey bees.

Does Congress react too much to minority pressures?

Well, it is common knowledge that minority groups can always hold the balance of power if they'll work together. And most of my trouble when I was in Congress was because I didn't believe in the excessive power that was given to the labor unions and executed through this delegation of authority that we've spoken of, all the way down to the lower echelon of the federal agency.

Whenever you give an organized



PHOTO: ROBERT PHILLIPS

Judge Smith (foreground) and the House Rules Committee in 1960

LESS LIBERAL LAWS AHEAD *continued*

minority group too much power, they will abuse it.

How quickly does Congress react?

I don't think that Congress reacts as quickly as the public does. I doubt if they realize the feeling of people that they're tired of too much taxes and too much government.

It takes a little time for that sentiment to percolate around and get back to Congress and for it to act. It's a slow process and that's one of the reasons I don't think Congress ought to be delving into all of these things that affect the private lives of every individual.

Is Congress functioning as effectively as it can or as it should?

No, it's not functioning as effectively as it should, and never will, for the reasons that I have stated. When Congress began to shoulder the burden of all the ills to which mankind is subjected, and all the little old details about this, that and the other, which affects the individual, it built upon itself such a burden that no single body could shoulder or administer efficiently.

Do you feel enlarging the member-

ship of the House Rules Committee has resulted in a lot of bad legislation getting through without proper study or debate?

Of course, I felt that way. As you know it was a big fight. That was back in '61.

You know when the old Czar, Joe Cannon, was Speaker of the House it was pretty much of a one-man operation, the whole House of Representatives.

There was a revolt in the House and they took him off the Rules Committee where he sat and set up a very carefully selected Rules Committee so the whole country was represented on it, from all sections.

In my time, when I was chairman and before, if a controversial bill came up, we talked about it with individual members.

Very often, the song would be, "If I vote for this, I can't be re-elected to Congress. Please, don't let it come out of the Rules Committee."

Some other fellow would come in and say, "If we don't pass this bill, I can't be re-elected to Congress. Let us have it."

I think we got a cross section of

the whole membership, whereas the Speaker, naturally, would not know the underlying sentiment of the House and what they really thought about it.

It seems to many in recent years that the President proposes all of the legislation for Congress to act upon.

And furnishes the language of the bills.

Now there's another question. Who wrote the bill? The people who wrote the bill are from the executive branch who favor the legislation and expect to administer it and write the regulations. They pick the language that Congress probably doesn't notice in a big bill, 30, 40, 50 pages long.

They pick out what they want to, and that's largely responsible for this situation whereby a Congressman realizes after a bill is passed and says, "Well, we never intended to do that."

What is the biggest difference between Congress and government now than when you first went to the House of Representatives?

There has been a revolutionary change in the whole system. Remember that the Great Depression was on in the '30's, and when Roosevelt came in, the country was in pretty desperate shape.

He came in on an economy program as you know. That was his platform.

I remember one of the first bills I voted for in Congress was to cut my own salary.

And then the idea of the federal government getting into various and sundry programs that they have gotten into over the years came along.

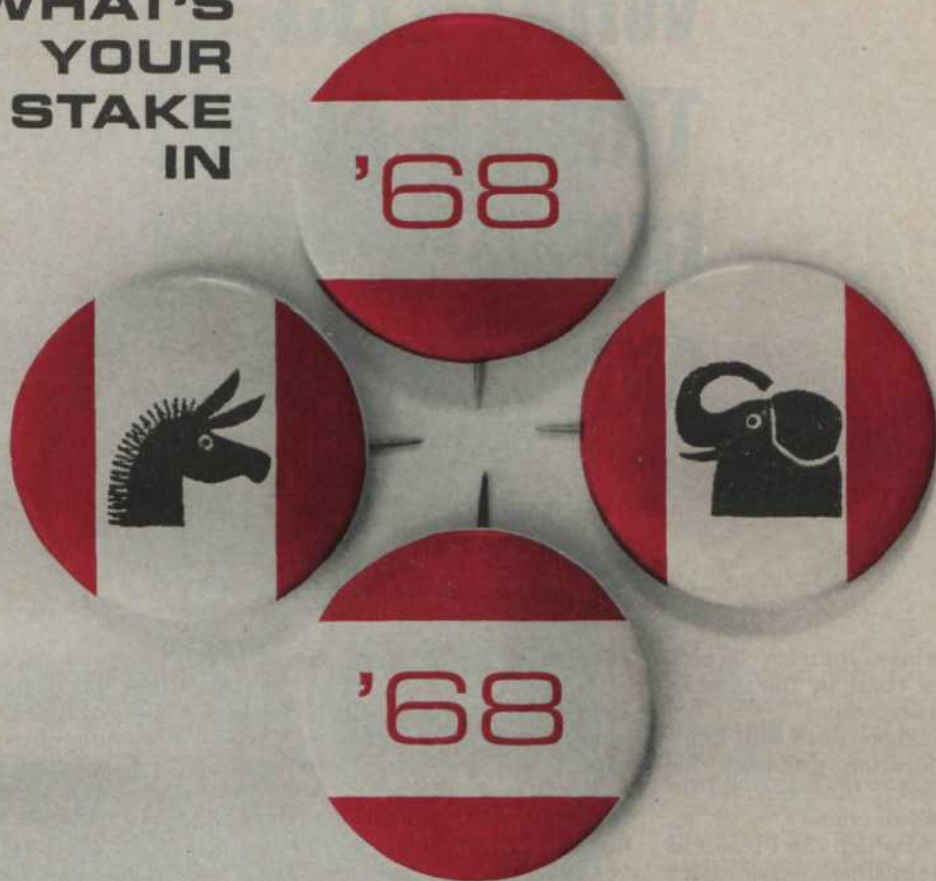
I believe in the Constitution of the United States. But apparently that's a minority view now.

What do you see in the future for Congress?

Well, it depends on how long before the old pendulum begins to swing and how far it swings. As far as we've gone, it's going to be a terrible thing to bring us back to our intended democratic system of government that our forefathers devised.

I'm not undertaking to say that any one particular person or agency is responsible for it. I think that the legislative body, the executive department and particularly the judicial department have just about traded us out of our Constitutional system of government. **END**

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WHAT LBJ THINKS ABOUT BUSINESSMEN NOW

Lyndon Baines Johnson is putting enormous trust in the American businessman today.

This dependence could well influence Administration proposals for new laws affecting business and industry in years to come.

The extent to which the President leans on the business community for support is so wide ranging it surpasses that of a great many past chief executives.

This all can be said with the highest degree of authority.

President Johnson seems convinced that the business community has a great responsibility to help solve the nation's social and economic problems, even to preserve our whole democratic, competitive enterprise system.

He gives business and industry credit for building our system and feels that business leaders now must protect it.

Mr. Johnson's praise for businessmen seems unfeigned and boundless. No segment of society has been more patriotic, more socially conscious, more willing to do its part, he appears convinced.

Life has not been idyllic for Lyndon Johnson recently.

A summer of race riots, wars in Viet Nam and the Middle East, a rising tide of inflation, a rebellious Congress, war protesters storming the Pentagon and sagging popularity polls have been his fate.

When you are not exactly being

stampeded by fervent supporters, any ally is welcome. However, the President's attitude toward business appears to go far beyond the concept of any port in a storm.

He seems impressed by what business has done not only to support his legislative goals, but in its inventiveness and resourcefulness in fields ranging from transportation to natural resources.

Naturally, he is especially gladdened when businessmen join in a Johnson Administration program. Some corporations have taken on the chore of running Job Corps camps under the Administration's anti-poverty program, for instance. Some even lose money, the President is aware, but they do it.

And he apparently is heartened by such actions as the insurance industry's plan to put up, out of a clear blue sky, \$1 billion for better slum housing.

Even on taxes

The President has the impression that most of business has generally backed him on much of his Administration's aims, even on the controversial proposal to levy a surtax on individual and corporate incomes.

Many businessmen have supported the tax boost plan. But most have coupled this support with a demand for spending reductions.

President Johnson realizes full well that the business community has not leaped blindly on his legis-

lative bandwagon. He understands that businessmen have sometimes disagreed with him, particularly on new programs.

Even when he is opposed by business, however, Mr. Johnson seems to appreciate the manner of opposition. Business does not pull and push or get nasty when it is against him. Businessmen are gentlemen; they're not hippies, he maintains. They give it to you straight if they don't agree. They give you their reasons: one-two-three.

The President has an insight into the disposition of many business executives, though he has what is probably the misconception that most are conservative Republicans. He is of the view that businessmen are used to saying No, used to discouraging rapid changes. If the business owner didn't say No, if he didn't hold on to what he has, his brother-in-law or some incompetent manager would waste it all away, so Mr. Johnson is understood to feel.

Mr. Johnson blames press reports that he thinks tend to scare the daylights out of businessmen for creating some of the business opposition to his proposals. However, even when businessmen are against a program, the President thinks that often you can talk to them, and when they understand it, they will usually go along. He even has spoken of a kind of revolution going on in business attitudes.

Surely it is true that many busi-



nessmen have changed their opinions on many public matters over the years. Some have supported federal programs when in the past they had staunchly called instead for private and local solutions. Ironically, a wave of new federal programs in recent years, carrying in its wake administrative confusion, has necessitated a new search for more private, local and state administration and solution of problems.

Criticism nothing new

Men of commerce have gotten their knocks from politicians since the days when Napoleon disdainfully referred to the English as a "nation of shopkeepers."

Even in America, where the miracle of capitalism has made this the richest, most powerful land on earth,

politicians have sometimes stepped on business in their climb up the political ladder.

Mr. Johnson is well aware of the attitudes of past politicians toward business and he deplores it.

He recalls when he came to Congress J. P. Morgan was pictured ridiculously at a Congressional hearing, with a midget on his knee. Franklin D. Roosevelt was calling for tax relief for the needy, not the greedy. Harry Truman also took some pokes at business. You used to hear talk about economic royalists. But Mr. Johnson considers that his Administration has not criticized business. He is sure he has a rapport with the business community. He can rattle off the names of corporate top executives who have been most willing to do what

he has asked. Of course, members of the Johnson Administration have scored price increases and particularly in past years have sought to hold down prices even by manipulating stockpiles of strategic materials. But it is true that no Johnson Administration official has lashed out as fiercely at an industry as President Kennedy did in the steel price crisis in the spring of 1962.

Mr. Johnson knows that many a corporation has absorbed increases in costs by shrinking its profits.

Who's getting the extras?

He knows, too, that you can't do this forever. He does feel that business has made a remarkable record. He has pointed out to visitors that the cost of living has risen only five per cent in this country in the past two years, which is a sight better than France, England or Russia or practically anywhere else in the world. Self-discipline has been part of the reason. Labor, rather than business, the President apparently believes, has been trying to get the extras.

President Johnson's admiration of business and industry runs deep when it comes to military matters, too. He points out that in Viet Nam business has built everything we need. The fighting men have had the food, clothing, equipment, medical care—everything they need. He is impressed by how modern drugs and equipment that industry has

produced have held down the war casualties. He is known to describe the industrial-military complex as amazing.

Domestically, the President apparently is convinced that the business community has lent support to what he considers the most pressing need—education. He means education broadly, from his pre-school Head Start program to developing reading skills for the illiterate 73-year-old.

President Johnson views education as the answer to many national problems. When people are educated, he feels, they will do the right thing and if people are educated the demagogues don't have a chance.

Mr. Johnson blames state government for lack of action in the field of education. Mr. Johnson, it is understood, maintains that the federal government should not do anything that the states can and will do. However, he proudly has pointed out that one million young people are going to college this year because of laws he proposed. He believes the states could have done it merely by insuring bank loans for tuition, but that they failed to take the initiative. They fell down also, he feels, in areas of social security and unemployment compensation.

Local government should do everything it can, Mr. Johnson is understood to believe. A local official in Johnson City, Tex., for instance, knows more about his local highway problems than does the Director of Public Roads in Washington, he has pointed out.

After Viet Nam

When President Johnson peers ahead to sunnier days beyond Viet Nam, he foresees a variety of uses for revenues that are now being pumped into military conflict. He expects to be able to cut taxes, stimulate plant expansion as well as invest more revenue in such construction as schools and roads. He expects no serious economic adjustment or upheaval when the war ends.

In the meantime, he feels his critics are at his neck on the Viet Nam issue. Mr. Johnson has the steely conviction that we can't have China,

Russia or even Cuba threatening us.

If we don't stop them in Viet Nam, it would be Thailand next, then Cambodia and Laos—all of Southeast Asia, he is certain.

He would rather fight them there than on the shores of San Francisco. It's like down in his Texas hill country, the way he looks at it: If you let a coyote eat your sheep, pretty soon he'll be eating you. Or if you have a bully in your neighborhood and you let him run you out of your front yard, pretty soon he'll run over your front porch and soon he'll be right in your bedroom.

Mr. Johnson feels that he has four alternatives regarding Viet Nam: widen the war, surrender, take the approach of Gen. James Gavin of establishing enclaves, or do what he is presently doing, keep the pressure on, without drawing in Russia or China.

The President resents the flood of military advice from every quarter and feels that he has more self-appointed Secretaries of State than anyone has ever had. But they don't see the cables he sees and they don't know what's going on in the War Room.

The chief executive realizes that every American war has had strong opponents within the United States. For example, George Washington had only about one third of the people with him; in the War of 1812, all New England wanted to secede; Lincoln was told he would lose the Middle West along with the South.

Some of the biggest anti-war demonstrations in this country have been planned in Hanoi, White House intelligence sources report.

Even if the war deepens considerably, the President does not foresee the need for price or wage controls and only the slim possibility of some sort of credit restraint by the Federal Reserve Board. War prices went up more than 20 per cent during the Korean War even with controls, in the President's recollection. He does not believe in such government-imposed controls or that they can be made to work properly.

To curb inflation

On the growing headache of inflation, the President is expected to

rely largely on expenditure cuts. He believes that last year's impounding of \$1 billion in highway funds brought down highway building costs. It is understood that he likens any type of government expenditures, whether from appropriations or trust funds, as pouring a cup of gasoline on the inflation fires.

Mr. Johnson is most anxious to reduce the heavy war spending, but knows in his mind that if he did the enemy would get the idea that Johnson is out of chips. He is known to believe that there is no chance the enemy in Viet Nam will come to the conference table before the 1968 election on the theory that Mr. Johnson will not be re-elected and they can make a better deal with someone else.

He is convinced that his Administration has done well in budgetary matters. The budget, including Viet Nam expenditures, has been only 16.9 per cent of the gross national product in this fiscal year. This compares with the average of the last six Eisenhower years, when federal spending was 16.3 per cent of GNP (the total value of all goods and services produced).

One ever-present ambush along the budget trail is that somebody out West always wants a dam built, or Bobby Kennedy wants to spend billions in the City of New York, and Congress can't agree on where spending should be cut, as the President views it.

But Mr. Johnson considers himself a reasonable fellow, and feels that with a budget as big as ours, there is bound to be water in it still. He expects to set up budget cutting priorities and get spending down still farther.

Somewhat philosophical about his current array of troubles, President Johnson views them in historical context. The first year of a Presidential term is a honeymoon, the way he sees it. The second year much legislation is passed and everybody is happy. The third year brings a slowdown. By this time you've got enough passed that you make people mad about what has become law. And you make still other people mad because you haven't yet passed what they wanted. So you get it from both sides.

Mr. Johnson is concerned about civil order in the United States. He believes you have to start with parents and teachers in the job of encouraging young people's respect for the law.

We don't have a federal police force, and we shouldn't have any kind of Gestapo, in Mr. Johnson's opinion. The federal government can't arrest a man for murder or rape or for having a little too much beer. It must be done locally. And paying for better police protection is part of it. The Irish cop with seven children that guards our children makes only \$360 a month.

Marshall Plan for the cities, any sort of \$100 billion crash program. That's crazy, he feels; we don't have that kind of money.

The President still seeks a tax increase. Although it is possible that some tax incentive could be enacted to spur business to help solve the problems of the cities, President Johnson gives more priority to tax reform based on more tax equity. And he gives immediate priority to a surtax. He is disappointed that people forget he pushed through the tax cut of \$24 billion just a few short years ago. Now, all he's asking for is \$6 billion of it back to

The President is known to admit he doesn't have the answer as to what kind of new law is needed. It is known, too, that he feels he has yet to find lawyers smart enough to figure out a law that both labor and management will go for. His Secretary of Labor, Willard Wirtz, is at work continually on the enigma. So far, it appears to the President that the late Senator Bob Taft did just about as good a job—with the Taft-Hartley law—as anyone can concoct today.

Can't move too fast

It doesn't pay to move too quickly in the field of legislation. For example, President Johnson is known to favor more action in the field of so-called consumer protection. He doesn't think it is right for anyone to have to pay 40 or 50 per cent interest, for example, or for dangerous goods to be sold to the public. But it is also known that the President is apprehensive that maybe we go a bit too far and too fast, such as in the area of auto safety. Auto safety legislation enacted last year, passed in the heat of a safety scare, was found to be difficult to administer. Rules under the law have met with considerable controversy.

The reason the business community has opposed many federal laws in the past has centered on the struggle between freedom and control. Business traditionally has feared that government intervention in the economy, from subsidies to centralized planning to anti-trust activities, could disrupt the efficiency of the market system or stifle innovation in the name of public welfare.

The top issues of the 1968 election campaign, as the President is known to gauge them, will be Viet Nam, taxes, legislation involving the cities, inflation, the deficit in the balance of international payments and the general conduct of the Johnson Administration.

But the President believes that, with all our problems, the United States has less troubles than any other country in the world. We've got prosperity, a powerful defense and industrial machine, and today's businessman deserves much of the credit for it all. **END**

COMING NEXT MONTH



VIEWS OF PRESIDENTIAL CONTENDERS

We've got to pay more than that, Mr. Johnson is convinced.

On riot control

Riot control is up to the governors. But if a governor tells the White House that he has an insurrection or uprising and meets the constitutional test, he can get federal troops in 15 minutes, Mr. Johnson is known to promise.

There is a great deal that the President wants done in the nation's cities—programs ranging from urban renewal to rent supplements. Already more than \$6 billion a year is being spent in the urban centers. But the President is known to be firmly against any kind of so-called

fight a war. Or so he is known to describe it.

The President is fully aware that he hasn't been able to solve all of the nation's economic problems.

This year has seen turbulence in labor affairs. The number of workers involved in wage negotiations totaled 3.5 million, more than twice that of last year. More than 700 sizable labor contracts were negotiated. Strikes have erupted not only among industrial unions, but among government employee unions. Unions now are exercising the powers and privileges bestowed on them under past federal laws.

Strikes against the public still have the Administration buffaloed.

Dominican turnabout:

NOW IT'S YANQUI, SI; COMMIE, NO

SANTO DOMINGO—The Dominican Republic could have become another Cuba. Instead, this scruffy, little mulatto nation is on the road to repair. It progresses economically, and the people are generally content. For the first time within the memories of most of them an elected President has lasted 18 months in office; the ballot is freely used. Frantic bands of political extremists on both right and left have been put to flight or their influence watered down.

Dominican exports are increasing and U. S. companies are moving into Santo Domingo, Santiago de los Caballeros, Barahona, Monte Cristi and other Dominican towns to do business, strike bargains, sell, buy, trade.

Lyndon Johnson may be excused if he interprets all of this to mean he did the proper thing in April and May of 1965 when sending 20,000 soldiers and Marines storming into the Dominican Republic to make certain that communist groups did not extend control of Santo Domingo—which they undoubtedly had won—to the whole country. Had he not done so, the Republic might now be another Cuba.

U. S. policy line in Viet Nam is no harder than the line here. And,

Christopher Columbus discovered the island of Hispaniola on which the Dominican Republic is located.





PRESIDENT BALAGUER TALKS CANDIDLY ABOUT HIS COUNTRY'S FUTURE

Two and a half years ago the United States intervened in the Dominican Republic. Troops poured in and snuffed out a civil war. But intervention seems to have cleared the way for progress and the start of political peace.

Here, in an exclusive interview with *NATION'S BUSINESS* in the Presidential Palace, President Joaquin Balaguer considers results of the intervention.

Mr. President, is sending troops into another country, as the United States has done, a proper thing in modern times?

There are two great powers in the world confronted in an ideological war. Traditional power favors maintenance of the capitalist society. The opponent advocates the establishment of a worldwide communist regime. As long as this conflict exists, international politics will be influenced. I believe that sending U. S. troops abroad was a consequence of this conflict.

Was U. S. prestige hurt or helped in Latin America by the 1965 landings?

I do not think there is a true anti-American feeling in the country. The United States has accomplished a constructive task in the Dominican Republic. It has offered the Republic substantial aid in economic, educational and technical

fields. Vast sectors of the country are conscious of that aid, and of the disinterestedness with which it has been offered. Anti-American feelings exist only in some sectors influenced by communist propaganda being expounded from Cuba.

Mr. President, how influential is the far left here?

Communism has undoubtedly achieved some progress. However, I am quiet sure that the immense majority of this country is anticommunist, that the immense majority of this country desires peace.

What are the biggest political and economic problems that you now face?

The greatest political problems are those caused by lack of employment. We have an enormous mass of idle hands in the Dominican Republic.

This group is a source of restlessness, of uneasiness and it is our principal political problem that is closely tied to the breakdown of our economy in the recent years. As for the economic order, our principal problems are the balance of payments, the need to maintain the stability of our currency and to push our economic development.

We do have a balanced budget—balanced through great efforts and considerable cuts in the Public Administration and the Autonomous State Enterprises. We now have a sugar industry which is our principal source of foreign exchange. It is well established, carefully balanced.

What do you expect five or six years from now economically and politically?

I am quite sure that the country will end up recuperating itself, that it will develop completely. We are already constructing great dams which will supply us with electric power for industrial development and which will give us sufficient water for the massive increase of our agricultural products.

I am quite sure that the country will progress politically in a constitutional manner, will maintain the principles of alternating the office of public power and that the Constitution will be respected.

Why should U. S. businesses come?

U. S. business investments are most beneficial for the country. Our economic relations are principally with the United States, our great neighbor.

What U. S. businesses do you want most to come to the Dominican Republic?

The most beneficial investments would be in the agricultural field. Industries that process local raw material, above all in the agricultural aspects.

Is your government stable enough for U. S. businessmen to invest millions of dollars here?

Yes, there is no doubt of it. There is a permanent desire here for peace and tranquility. **END**

for a period after the landings, the President took a lambasting which equals criticism he now receives over Viet Nam.

Voices raised against "involvement," "intervention" and "invasion" of Dominicana have become quieter as the situation improved.

"Improved" is the key word, not "cured."

Certainly all is not well here.

The United States pours \$1.5 million weekly into the Dominican Republic but this could be a bargain compared with the \$1 million daily the Soviet Union sends to Cuba.

Here there is 30 per cent unemployment and the economy becomes as nervous as a cat's tail when business turns sour or when bad weather strikes at crops. The Republic still relies heavily on the sugarcane crop as a money spinner. Improvements have been made in agriculture, but at the same time there have been failures.

A rigid austerity program devised by President Joaquin Balaguer keeps the country from spending itself to economic death for fancy imports. There also remains widespread a strong belief that the United States is the good daddy who pays for failures and protects the incompetent. Uncle Sam does spend hundreds of thousands of dollars on a few inconsequential local projects, patching roadways of Santo Domingo and buying manhole covers.

Such projects are fodder for Presidential critics who say the United States must stop trying to be all things to all men everywhere. It makes small difference to critics when diplomats explain that work projects reduce unemployment.

Aid handled well

But it appears that the United States gets fair value for most of its AID money and that Dominicans handle the money well. About \$195 million worth of goods and services have been provided through loans or grants since the troops came. The flow now totals \$75 million to \$80 million yearly. This is entirely in loans.

Private enterprises and governmental banks have been successfully established with Yankee dollars. Food has been bought and houses put up, education extended and extensive technical assistance provided, government activities shored

up, communications improved and military services made more reliable so they can protect the fledgling democratic system.

Over the long pull—the route President Balaguer is interested in—the three most important efforts are being made in agriculture, attracting foreign business and extending democratic roots.

The Cibao Valley arches through the center of the country. Its rich soil is one of the least worked great breadbasket areas on earth. It is a place where American business, AID and Dominicans use imagination.

Tomato plants practically jump out of the ground. Since Dominicans devour tomato paste on practically everything they eat, it is logical that a domestic tomato paste be produced in Cibao.

This never happened until a shrewd Dominican businessman-farmer named Juan Portela joined forces with local businessmen, the Food Machinery and Chemical Corp. of San Jose, Calif., and Stokely-Van Camp, food producers and canners of Indianapolis.

AID turned up \$450,000 in loans for Mr. Portela's enterprise. A Dominican bank helped. Local businessmen stepped in.

Food Machinery Corp. sent down the machines and Stokely-Van Camp took a 40 per cent interest in the venture.

This season the Portela plant daily turns out 25 tons of tomato paste. Most of it is eaten on the island while Stokely takes the remainder for the U. S. market. American Can Co. may install a plant to supply the trade here.

Now an export item

Instead of draining the Dominican treasury of \$2 million yearly in hard currency to buy paste, the country now exports paste and earns hard currency.

Mr. Portela is well launched and he shuns all offers of help from his government. "Don't let them get their fingers in," he says. "If you don't ask for privileges and tax concessions, the government doesn't trouble you."

Since before World War I the Royal Bank of Canada has been the principal foreign banking house in the Republic. It still is, but two growing challengers are Chase Manhattan and First National City Bank of New York.



Vice President Frank Brennan of Chase finances many deals between U. S. business and the Dominicans.

"El Chase" is sometimes called "the cattle bank" in the Cibao, out east in the cattle country around La Romana and in the west at Barahona.

Frank Brennan, who manages Chase operations, doesn't object to being called a cattleman.

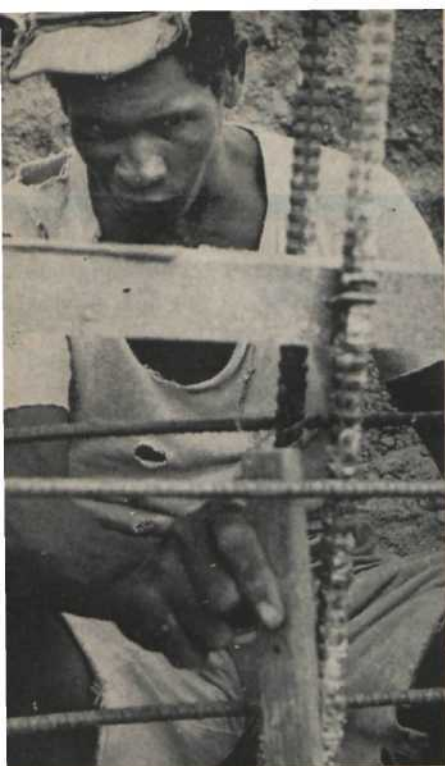
The bank on orders from its president, David Rockefeller, makes judicious loans with AID funds to Dominican livestock men for upgrading of herds, buying grazing land and for equipment. The program is modeled after Chase's spectacular cattle financing operation in Panama and the bank is sold on it as a way of winning new business, helping domestic cattlemen and making Uncle Sam look more benevolent.

It is unlikely that Chase has made a dime on nearly half a million dollars of AID funds parceled out to about 40 cattlemen.

Chase is also handling financing for a 600-house development.

Both American banks are putting up new Santo Domingo headquarters and settling in forever—they hope.

President Balaguer has shown good sense and had good luck with his sugarcane crop. The state-owned industry has been overhauled



There's a new spirit of doing the job exactly right among the work force from executives to laborers.

and now makes money where it once lost \$60 million in four years. Last year the Dominican Republic collected \$74 million from the United States for 618,000 short tons of sugar. The income was \$16 million more than expected because the Philippines and Puerto Rico could not fill their quota and the Dominicans stepped up production.

A collection of jackleg operators from Miami and New York were operating here a year ago but almost all have gone now after trying to earn 35 per cent return on their investment each year in companies they founded.

Japanese businesses with cheap labor to back them up are all over the country selling products, most of which are imitations of U. S., German and British products. Rarely are their products as good as the originals, but they are cheaper and immediately available.

Mr. Portela was forced to buy a Japanese forklift—to get quick delivery. He was told he would have to wait six weeks for a U. S.-made lift.

Japanese automobile and truck tires have sliced heavily into the market which once was an American province.

Dominicana, as the natives call

it, is in better shape politically than it is economically. "If someone predicted in May, 1965, when U. S. troops were here that things would go as well as they have, he would have been hauled away to the nutty bin," says a diplomat in Washington.

"Throughout Latin America there was screaming when the United States sent troops in. The United States took a beating from Mexico to Tierra del Fuego until it got the troops out. Today you can't find a Latin American diplomat who knows anything who will not tell you that the intervention has been justified. Oh, they say it on the quiet. They can't afford to shout it.

"Americans get much of the credit for progress. President Balaguer gets credit, too. He doesn't look like a political animal, but he's a great one," says the diplomat.

President Balaguer was elected in generally free voting after decades of off-again on-again governments consisting of the Trujillo dictatorship, provisional governments, the left-leaning administration of Juan Bosch, military dominations and political anarchy.

Mr. Balaguer understood that the people had become sick of controversy. Juan Bosch did not and he failed in his attempt to win back the Presidency.

Cool campaigner

Mr. Balaguer was a cool, unexcited campaigner who spoke of food and peace and a better life. He stumped the countryside where most of the votes are and he had the backing of Uncle Sam.

President Balaguer's victory shattered the left; it fragmented the communists. His moderate opposition found he had taken its ground away. Fascists—who are more dangerous in the Dominican Republic than communists—were split.

Mr. Balaguer is a white man—as is practically every other business and political leader in the Dominican Republic. He doesn't talk, he whispers. His Spanish is almost pure Castilian.

The *campesinos* out in the cane fields don't quite know what he is saying, but they like the way he says it. They look up to him because he wears impeccably white linen suits, white shoes and a black tie. It should never be forgotten that this is a land where political in-

stability and assassinations have been commonplace. There were 72 Presidents over a 50-year period. And so a squad of soldiers constantly patrols the balcony that is outside the Presidential office. Their submachine guns have the safety catches off.

Tired of strife

The Dominicans want peace after all those years of Trujillo murder, civil war and political chaos. The little people, the *commercialistas* and even the political opposition want President Balaguer to hang on to the job until his term ends in 1970.

His most serious opposition might again be Juan Bosch if he comes home from Spain, or Hector Garcia-Godoy who now serves as a hard-working ambassador in Washington. Ambassador Garcia-Godoy once was provisional President and he is considering running in 1970. The Social Christians are looking for a leader and he may be their man.

President Balaguer's party is the Reformistas.

Only two other parties of any size are in the field. One is the Revolutionary Party which is the old Bosch group of noncommunist leftists.

The other major party is the National Civil Union. It is rightist, but not radical.

Extreme rightists are in the small Quisqueya Democratic Party.

Communists are shattered into seven small packets—each group fighting other communists more than they fight President Balaguer. Every shade of communism is here.

The four main segments of society behind the President are the military from whom he takes no back talk though he treats the soldiers well; the Roman Catholic church which is fractionally more social welfare-minded than before; the *commercialistas* who have the money; and the middle rank of voters.

Over on the sidelines cheering President Balaguer on, sending in refreshments and anything else he might need, is the tall fellow in the red, white and blue frocked coat, the high white beaver and the striped trousers.

President Balaguer knows the big fellow is there and this helps him to be bold. **END**

BUSINESS: A LOOK AHEAD

Flower power payoff

(Agriculture)

Boom in sonics

(Manufacturing)

Road show rolling

(Marketing)

AGRICULTURE

Researchers are harnessing their flower power in hopes of benefiting commercial agriculture.

Not that they're promoting consumption of flowers—the way that hippies do. They are developing techniques for improving ornamental plants that have potential application to other fields.

Item: Growth-retarding chemicals have been developed to force early flowering of rhododendrons. Chemicals are to be applied to fruit trees, too.

Another technique is chemical pruning, whereby a spray kills growing tips of plants or shrubs to make more stems. One pass with a spray, taking five minutes, can do a job requiring three hours of pruning by hand.

"Our major concern is efficiency," says Dr. Henry M. (Marc) Cathey, a leader in developing plant regulators, with Agriculture Department's Agricultural Research Service at Beltsville, Md.

He says growth-retarding chemicals for fruit trees were awaiting official clearance for use recently; application has just been made for chemical pruning spray.

But there's often lag of five to eight years between successful re-

search and widespread commercial application.

CONSTRUCTION

Prospects for construction machinery are bright over the long haul.

Trend-watchers in Washington are currently cautious over effects of military demands and possible cutbacks in highways and rivers and harbors construction. But the over-all field includes such categories as mining, logging, agriculture, oil fields, municipal and exports.

As to public and quasi-public projects, one Washington expert points to potential urban slum market. "It's going to take an awful lot of machinery if they're going to put it through. And they've got to do it."

Another source of increased demand are anti-stream-pollution projects. These bulges, of course, are in addition to demand expected to rise apace with increased population and technical advances.

CREDIT & FINANCE

Credit controls, if they come, won't hit until the middle of next year when taxing and spending picture becomes more clear.

So says top New York banking authority in commenting on flurry of

speculation recently concerning controls as means of holding interest rates.

He interprets speculation as based on idea that "you have to have something to dampen down credit." It should be even more than Fed's recent hike in discount rate, which tends to tighten credit throughout the economy.

Policy alternatives, of course, include printing money (in effect), allowing interest rates to go up, intervening with controls or new taxes.

Controls during Korean War included regulation of consumer credit, mortgage lending and program of voluntary restraint to channel available funds into top-priority loans.

FOREIGN TRADE

Watch for new pressures to overhaul government export financing policies.

Export-Import Bank has been long criticized for not backing risky ventures, being too "profit-minded." Others reply that high risks and overly liberal terms merely constitute another form of giveaway.

Organized U. S. business, at home and abroad, now feels it's losing out in competition with foreign business backed by government banks with policies more liberal than Eximbank's.

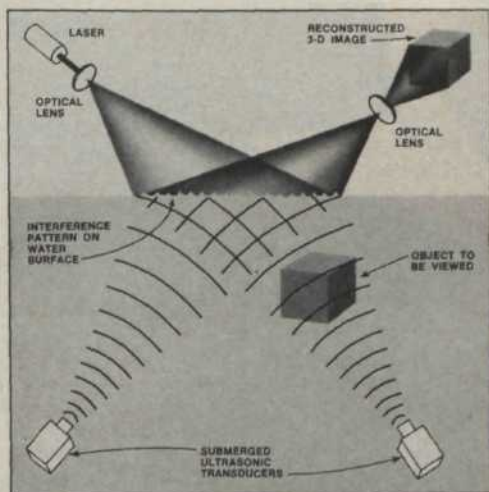
Business spokesmen have no thoroughly documented case—yet. But they're gathering information right now. Any proposal for change would cite U. S. balance of payments problem. More American exports help ease deficit in our international payments balance.

MANUFACTURING

There's a bigger boom coming in sonics for assembly-line quality control, testing and maintenance. And in use of radiation and light for same purposes.

So-called nondestructive testing plays key role in space, aircraft, automotive, nuclear, electronics, marine, railroad, chemical, materials-joining, ordnance, utilities and metals.

Richard B. Socky, past president



Combined use of sound and light beams offers new potential as testing process gets more sophisticated (Manufacturing).

of Society for Nondestructive Testing, sees trend toward greater use of sonics to handle testing jobs once dependent on radiation. Manager for materials and processes engineering for General Electric's missiles and space division, he cites potential for combining sound and light for complex inspection.

Take weldment in 12-inch-thick pressure vessel for atomic reactor work: Technicians would place vessel in fluid-filled cavity and bombard it with sound waves. Interaction of sound with metal would create "interference pattern"—ripples—on surface of fluid. Lasers (highly concentrated light beams) would scan surface pattern and produce highly sensitive photographs giving three-dimensional image of welded portion, pinpointing unseen flaws. Sophisticated testing is widely used in airline operations, with use of radioactive substances inside engine and film outside to produce "chest X-ray," avoid inspection tear-down. Probes using sound also test aircraft landing gear.

In steelmaking, electronic devices spot defects in raw steel bars. In electronics, combination of X-ray, television and 20-fold magnification permits minute inspection; heat-sensing devices scan circuitry, detect flaws by pinpointing excessive heat generation.

MARKETING

Teaching of marketing techniques through global case histories sparks big demand; new program is planned.

Within past two years, Sales and Marketing Executives-International gave awards for successful marketing techniques to 20 firms in 11 nations and wrote up case histories. Audio-visual presentation of material has been made in Russia, Australia, Formosa, Japan, England and Belgium.

Forty-six presentations have been scheduled in United States, including three already completed in Boston, Baltimore and Chicago. Seminars run six hours, cover experience of companies widely varying in size and business field.

Interest in program now has SMEI considering development of fresh set of 20 case histories for similar presentation.

NATURAL RESOURCES

They're having a big blast out in Arizona this month, but the results will be years away.

The Atomic Energy Commission, Interior Department and El Paso Natural Gas are touching off a test blast to see whether an underground nuclear explosion can free a significant amount of natural gas from "tight"

rock formations. But the test must be followed by months of study to determine blast effects, and measure gas flow and amount of radioactivity in the gas.

The process could take up to two years.

Long-range goal is to multiply amount of gas recoverable from "tight" formations.

With conventional "stimulation"—fracturing rock by water or high explosives—a 160-acre field will yield about 500 million cubic feet over 20 years, or 10 per cent of the gas present.

It's hoped that nuclear force will permit recovery of 3.5 to 3.7 billion cubic feet over same period.

Besides Arizona, says AEC, such formations are found in Wyoming, Utah, Colorado and New Mexico.

TRANSPORTATION

Airlines will carry 300 million passengers by 1975, three times level of today.

This is projection of Air Transport Association, provided airport facilities and access to airports improve to keep pace with demand.

Here's how air travel has been increasing in United States: In 1956, of 737 billion passenger miles of intercity travel, air accounted for three per cent as against 90.9 per cent for automobiles and 6.1 for rail and bus.

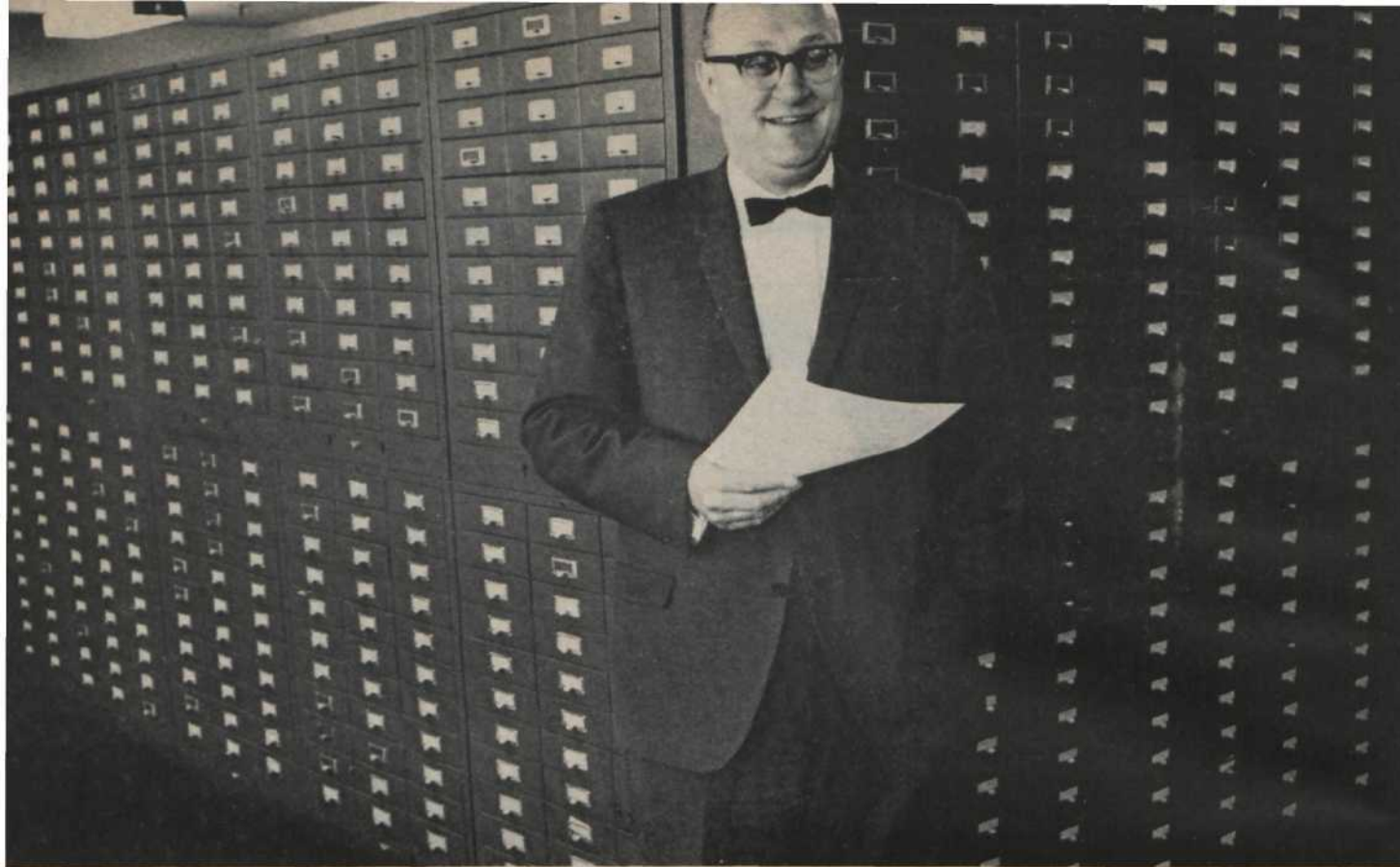
In 1966, of 978 billion passenger miles, air had doubled its share to 6.2 per cent, as against 90 per cent for autos and 3.8 per cent for rail and bus.

For air, this represented an increase of 22 billion to 60 billion passenger miles, roughly 170 per cent.

Another striking figure, in industry's view, indicates diminishing resistance to air travel.

Just five years ago, only 10 per cent of American public had ridden an airplane.

Figure today stands at 42 per cent. Airlines cite increased travel by businessmen who rent cars at destination, college students flying to school or on vacations, passengers in military services.



Mr. Williamson has a master sheet for every task in his plant.

SO, YOU THINK YOU'RE INDISPENSABLE

A Midwest businessman has devised a system so his factory can run itself. Think it would work for your business?

Turning a corner in the northern Chicago suburb of Skokie, Donald G. Williamson catches a glimpse of the newly painted stacks of red, black, green, yellow and blue drum barrels militarily lined up on wooden rails behind his plant.

Mr. Williamson parks his car in the open slip in front of the long, low building which announces in large aluminum letters, "WILLIAMSON ADHESIVES, INC." He walks past the neatly clipped shrubs into the main entrance.

He waves good morning to the lady clerks and secretaries who sit,

fresh and alert, in a long room that's as tidy as an ad for office furniture. No clutter can be seen on desks or on the rows upon rows of filing cabinets.

"I've probably got 10 times more forms and files than any other business of this size," the tall, good-natured Mr. Williamson tells a NATION'S BUSINESS editor accompanying him. "Yet I can assure you that the workload and cost of our office operations is lower than most."

There is no hectic shouting of orders, no jingling internal phones,

no loud buzzers in his front office. People seem to be working away at a calm, even clip.

Every desk in the building bears a plate that says, "Do It Right."

"It's kind of a simple, inane statement," Mr. Williamson says with a grin as he enters his paneled office and picks up the "Do It Right" plate from his own desk. "Yet it sums up what we set out to do. We intend to do what we're doing right before we worry about doing more."

Behind Mr. Williamson's desk are strategically placed cabinets and

file cases any of which he can reach by giving himself a good shove from his desk and coasting backward in his castered desk chair.

Bound and tagged

One long cabinet behind him contains the reason for all the orderliness at Williamson Adhesives. It consists of more than 100 black loose-leaf notebooks that bind together the very latest and what his people have determined to be the best procedures and forms for handling just about every conceivable important—and sometimes trivial—situation confronting the firm. The notebooks are the core of the Williamson Master System.

Since the system started, the company's profits have steadily risen, mostly through cost savings, and, Mr. Williamson adds, he has been so freed from executive drudgery that he now regularly attends out-of-town and out-of-country meetings with full confidence that the plant is running smoothly.

The system also has enormously improved the plant's general efficiency, he maintains, placing every company process before management review—automatically.

It reduces assignment of routine work to checkmarks on programed forms.

"It's like the automatic transmission in a car," Mr. Williamson says. "Once you start the mechanism, gears change automatically and infinitely, adjusting to rising needs."

The company hardly needs a driver, he explains. Yet the system operates without a computer and could be adopted with almost no capital outlay by any firm having a sales volume in the \$2 million to \$10 million range, or by sections of a larger firm, he is convinced. All you need is an office copier, a mimeograph, a few typewriters, a paper punch, a pencil and some paper.

At first you also will need a few extra typists and time to do a lot of thinking.

Several companies—some large and some small—have been visiting Williamson Adhesives studying the system. So far no one else has adopted it in toto.

Mr. Williamson has been president of Williamson Adhesives since 1948. The company, which produces liquid adhesives such as pastes, cements, glues and mucilages for other factories, including corrugated box makers, was started by Mr. Williamson's uncle in 1914.

The firm had struggled along through the years, doing moderately well. Then, several years ago, the

roof fell in. It happened while Mr. Williamson and his wife were in Australia on what was to have been an around-the-world business-pleasure trip. He had left the firm in the hands of the old-timers at the company.

Mr. Williamson had to cut the trip short when he got word that although sales had gone up, the company was losing money. To make matters worse, his chemist, a key employee in the 16-man plant, had taken another job.

The chemist took with him in his head much of the firm's laboratory operations, and Mr. Williamson had to train a new lab man almost from scratch.

Realizing that this type of crisis could recur every time that a vital man leaves, Mr. Williamson started thinking of ways to get down on paper details of the various chores and methods of each employee.

"I also wanted to have this information in front of me so we could see where improvements could be made," Mr. Williamson says.

He knew it would be a big job. He figured it might take him several days and evenings of diligent application. As Mr. Williamson got into it, however, he kept thinking of more things he wanted to get out of what he was working on. He realized the task might take a few weeks. Then a few months. Actually, it took five years—and he's still working on it.

Goal: a uniform system

Mr. Williamson wanted a system for constantly upgrading operations that could be applied uniformly to all departments of his plant and that would be simple and cheap to operate and that would not entail more paperwork than it would be worth. He wanted a system having ways to start, change and stop each process within it—even while the boss is away. He wanted it to allow the firm to learn better ways of doing things from its employees and, once learned, to adopt them as standard practices.

During the first two years that Mr. Williamson was floundering about searching for the solution, profits of Williamson Adhesives reflected the loss of the top executive's time. They were in a steady, perilous plunge.

Then one day in April, 1962, the key idea for Williamson's master system emerged, as glorious to Mr. Williamson's eyes as any goddess from the sea.

"I actually cried, 'Eureka!'" he recounts.

The idea was to code every process in the plant and to type out the steps on translucent paper for use by a copying machine. Whenever a person was about to perform a task, he could draw a copy of the latest procedure, called a "master," and simply check off each step as he performed it.

Built-in suggestion box

If, while performing the task, the employee thought of a better way of doing it, he could mark a suggested change on his master form and send it to his superior. If the change were approved, a new original would be typed up and the old one thrown out.

Thus the next time the chore would be performed—no matter who would do it—it would be done in the best way known by Williamson Adhesives.

"It's like a motion picture film," Mr. Williamson beams. "Imagine being able to change each individual frame at will. Then go one step further: Imagine changing any given frame while the movie is being projected. This gives you an idea of the flexibility and unity of the plan."

Before Mr. Williamson could begin typing up the first procedure sheets, he had to do some deep thinking about his entire operation. You would have to follow a similar pattern of thinking, Mr. Williamson insists, if you were to put the system to work in your firm.

First you must determine the limits within which you operate. You must define clearly what business you are in. Mr. Williamson decided his business is not merely the making of adhesives, but, more generally, chemical compounding for industry.

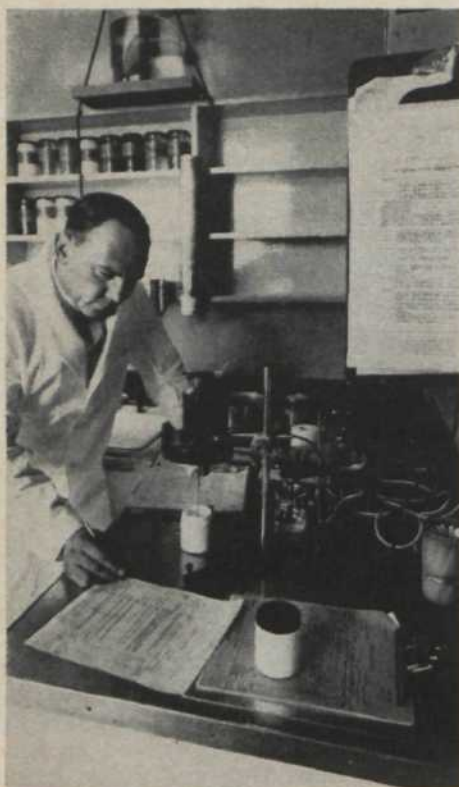
Next you must consider your operation as consisting of three "bare essentials": 1, products; 2, customers; and 3, expenditures. Any problem you control is to fall under at least one of these categories.

You then must subdivide each essential. For example, Mr. Williamson broke expenditures into capital equipment, employees, raw materials, supplies and services.

You must subdivide further. Under supplies for instance, could be the item "paperclips."

You now must answer four basic questions about every item on your list:

1. How do you know when to start consideration of an item? For a raw material, the kick-off at Williamson Adhesives would be a decision to produce a new product. Or an inven-



PHOTOS: ARCHIE LIEBERMAN



No matter which way you look in Mr. Williamson's plant, you see clipboards holding "masters." In the laboratory, Henry Iltzsch initials a section of a form that reminds him of each step to take as he checks out the quality of a product sample. If he thinks of an improved way of doing the job, he changes the master.

tory report showing a low supply of paperclips would call into play a procedure for getting more.

2. What specific things do you want to have happen to this item? Answering this in regard to raw materials and paperclips would involve tackling such questions as: What standard amounts do you want on hand? Where will they come from? What accounts are they billed to? How and where will you store them? How will you use them?

3. Could your present procedure on this item be easily altered if you think of a better way of doing it or if needs change?

4. Under what conditions would you stop a procedure? Masters on most office supplies at Williamson Adhesives, for example, are automatically dropped if not used during a 12-month period.

Three types of procedure forms are used at the Williamson plant: blue forms for starting something, pink forms for changing something and yellow forms for eliminating something. Each form directs the employee to specific stores of information that he will need for carrying out those acts.

"One of the great, great things about all of this is that it forces you to define everything you're doing,"

Mr. Williamson says. "For once, you know what you are doing, and you know you know it."

Hiring several extra stenographers and typists, Mr. Williamson began churning out the first originals for his copying machine, covering the firm's cost accounting. By the end of the summer of 1962 the first subsystem of the Williamson Master System was ready to be tested to its marrow.

It worked. Cost accounting went more smoothly than ever before. New areas for savings were discovered daily. The profit plunge was halted.

Delighted, Mr. Williamson forged ahead, putting other subsystems—sales orders, employee information, key customer information, raw material handling—into his unified programed management plan. He now has 54 subsystems, 6,000 forms and instruction sheets and is thinking of developing still more.

Requires fewer workers

Typing up new originals containing the latest changes, making copies and filing them is the full-time task of one half-time clerk.

Before the system, Mr. Williamson had four full-time workers and one half-time worker in his office staff. Now he has only two full timers and two half timers handling

more business with less confusion.

"When I first start telling people about the system, they think it sounds very sterile and very dehumanized," Mr. Williamson says, "but just the opposite is the case. I think employees want more than anything else to know what they have to do and to know when they've done it right. This the system provides.

"We don't say, like in the Army, 'Here's the book, now do it.' We say, 'Here's the book, now improve on it.'"

Mr. Williamson at first thought the number of changes submitted would decrease as time went along, but instead it has risen. A record number of changes was submitted during the past quarter. At present the system is averaging 3,600 changes a year.

They stick to adhesive work

Mr. Williamson is especially proud of his very low turnover rate of employees since the system started.

A ramble through the Williamson plant reveals the system in action. Men working on large mixing machines carry clipboards of masters giving detailed recipes for the adhesives they are preparing.

At one mixer, a new employee is stymied. The master says, "Take Vistanex L-100. Add slowly and steadily. Increase mixer speed as the adhesive mass thickens—72 R.P.M." How, he asks his supervisor, is he supposed to know when the adhesive mass thickens?

It's the first question from an employee that the supervisor has had all week. Realizing that the master must be made more explicit here, he pencils in: "Increase mixer speed to 72 R.P.M. 30 minutes after the last Vistanex is added."

The corrected master is sent by the department head to Mr. Williamson, who approves the correction. Then the masters clerk types up a new original with the new wording in it. She runs off copies of the new master for managers who keep updated loose-leaf notebooks of subsystems in their spheres of interest. Mr. Williamson has two complete sets of the notebooks, one in the cabinet behind his desk and one at home.

In the jar-laden laboratory, tall and powerful Henry Iltzsch, the lab manager, stirs a gooey mixture in a flask. He initials a master sheet and looks up.

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laboratories in the world where you won't find confusion and harassment," he says.

In the office of the manufacturing manager, Melville Ross Jr. sits at a table with his jaws in his hands and his elbows propped on an outspread loose-leaf notebook.

Mr. Ross explains he is in the process of thinking about how to improve a method of procurement, something he would never have had time to think about before his area of the operations was brought under the Williamson System.

"I used to spend all of my time making 'seat of the pants' decisions," Mr. Ross recalls. "Lots of days I'd have to double up people on rush jobs. The phone was continually ringing and girls always popping in and asking, 'What do I do with this?' There was always a fire to put out.

"Today the phone hasn't rung once and nobody's asked me what has to be done.

"I find a lot more personal satisfaction in my work, knowing a job is being done well."

Mr. Ross says he once spent three hours writing work orders for a day's production. Now he pulls standard forms, writes in names of employees to do the job and can assign their eight hours' work in two minutes.

He spends most of his time now working on special projects, knowing, he says, that materials, supplies and services are being purchased in the right amounts, at the right time; that products are being made for stock based upon a perpetual inventory and under manufacturing conditions that assure high quality and uniformity and that orders are being handled promptly.

The automatic requisitioning system considers full information about suppliers and possible suppliers and possible combinations of purchases from the same source for maximum quantity discounts.

When inventory control shows a batch of a certain adhesive is needed, Mr. Ross merely circles the number he needs on a production form for that type of product and drops it in his out-basket. From there it is taken to the proper production man.

"This is much better than verbal orders," Mr. Ross says. "If people are not reminded in writing of each step they should take, they tend to take shortcuts and get sloppy in their work."

Next door to Mr. Ross, sales

manager William G. Haller is examining a large pin-spattered map of the United States with rapt attention. This map, he explains, has been broken into coordinates which have been fed into the sales part of the Williamson System.

When planning a sales trip, Mr. Haller can quickly find information on all key customers, information sources, suppliers, potential customers and large users in any area. This information, which is always changing, is kept up to date on master originals.

A typical original on a key customer would contain, among other things, detailed information on the best routes to take to a plant during various hours of the day as found by salesmen on past trips and notes on various officials ("President: George Smith—Rotarian; good golfer, but seldom plays").

When a salesman goes on a trip, he is given copies ("master forms") for the companies he'll visit and instantly has what is probably more information than any competitor in the field.

"The system makes a supersalesman out of a regular salesman," Mr. Haller maintains.

The salesman is expected to learn something new about every firm he calls on. He jots this new information on the back of the master forms at the end of each day and mails them to home base where the facts are incorporated on a new original.

"This is the type of information most salesmen keep in their heads or in little black account books—neither of which is suitable for passing on to the people who succeed them," Mr. Haller notes.

Now is the time, etc.

Mr. Williamson's favorite part of his system is the "bring-up masters." These are the forms that remind various employees that it is time to perform assorted tasks.

The bring-up file covers important and complex matters, such as sending out bids, and less vital matters, such as reminding the boss to call home and tell Mrs. Williamson to have the flag ready because the next day is a patriotic holiday. Other bring-up masters remind to trim the company's evergreens and water the lawn if it hasn't rained in two days.

Mr. Williamson's system also provides the following:

A series of timed reports to man-

agement on such things as customer changes, lab operations, slow paying accounts, production and finance.

A long-term projects file geared so that each employee has some special project of his own to work on when he has nothing more vital to do.

A system of building up and continually reviewing a technical library.

An automatic throw-away technique to prevent the files from bulging at the seams.

A system for coloring containers of various raw materials and products to avoid mix-ups.

A method of keeping tabs on special promises made to outsiders.

Mr. Williamson from time to time lets Mr. Haller, Mr. Iltzsch and Mr. Ross switch jobs to broaden their experience and to test the effectiveness of his system. He delights in observing how the plant continues to operate flawlessly and actually improves as the substitutes inject fresh ideas into the forms.

President unbound

Since starting the system, Mr. Williamson has found time to make many trips throughout the United States and overseas.

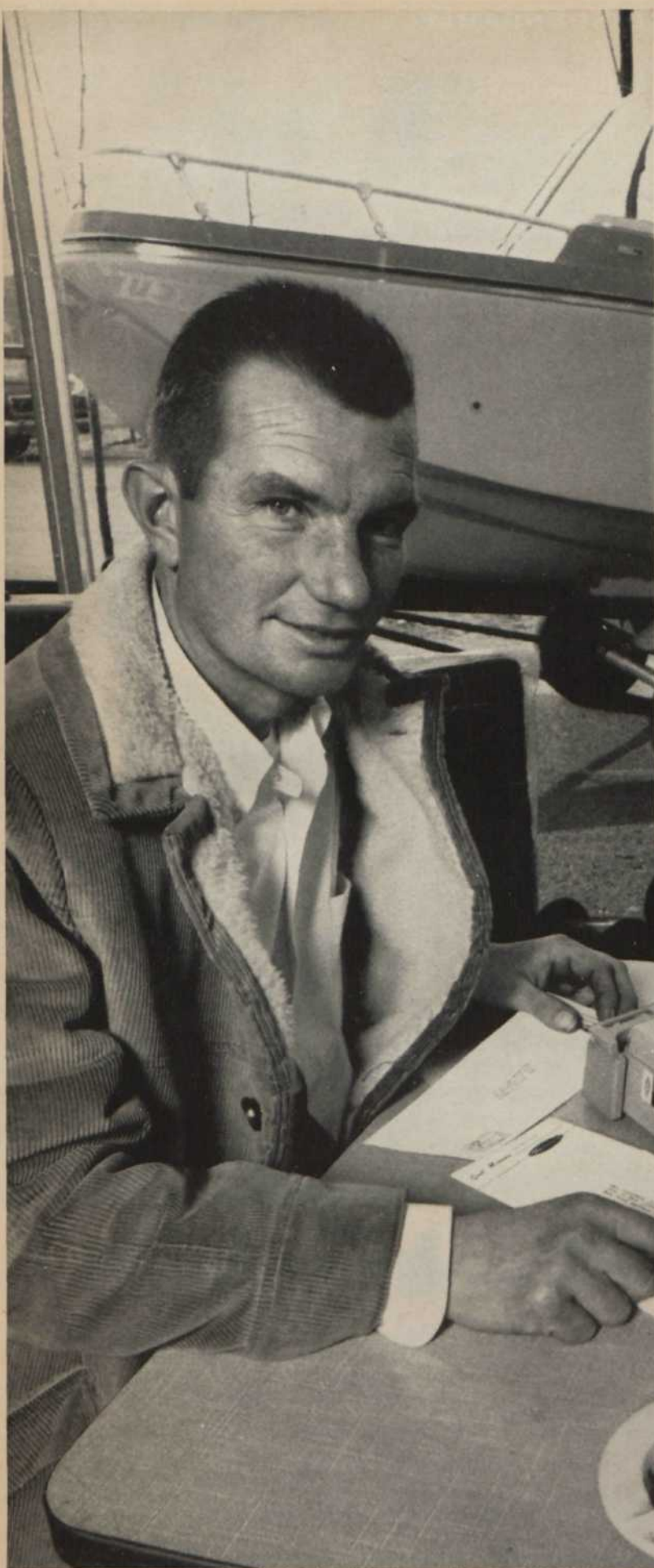
He has been free to develop the Williamson Export-Import Corp., which supplies know-how under contracts to foreign companies in all phases of the adhesives business; to be president of the Adhesives and Sealant Council; to be active in several other trade groups; to be an official in the Dartmouth Alumni organization; to be president of the Winnetka, Ill., Board of Education, and to be chairman of the pulpit committee of the Winnetka Congregational Church.

"I used to spend the whole day picking up and putting down the phone," Mr. Williamson says. "I was fully engrossed in the daily operations of the company. I would go home at night constantly thinking about what was going wrong.

"Now the only part of the operation that can't happen without me is the pricing of our products. Everything else that's routine can be done by others—and usually is."

One day Mr. Williamson's son, who was working on the mixing machines between school semesters, came into his father's office and said, "You know, dad, I can figure out what everybody is doing here except you."

END



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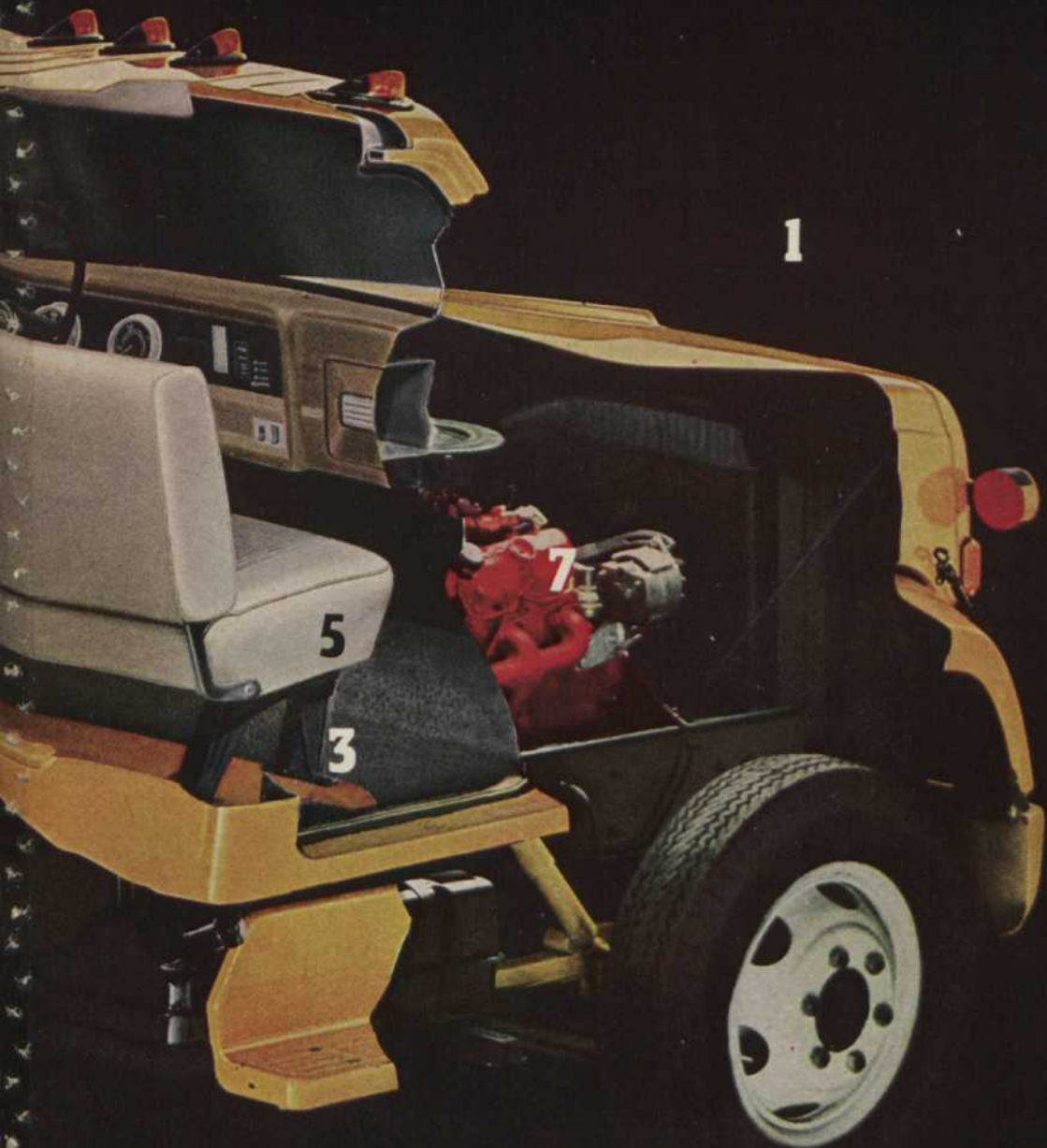
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- 5** The seats are chair high, the instruments are placed square in front of the driver, the windshield gives a panoramic view.



what makes a truck a truck.

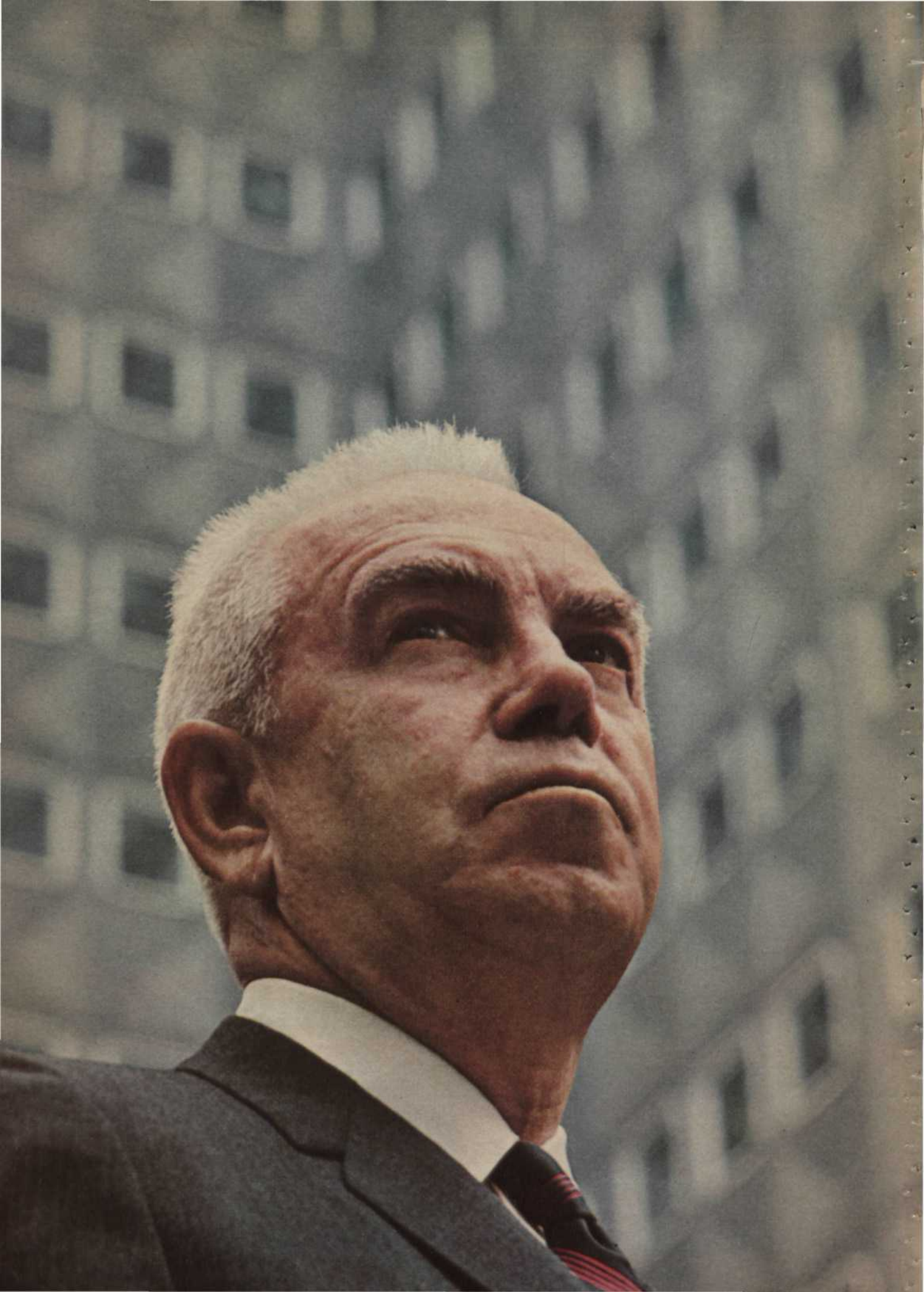
5 We paid special attention to the suspension. For example, we put vari-rate springs outside the frame and combined them with an exclusive system of rubber cab mounts. This really cuts down on roll and sway. Makes the cab last longer.

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What a difference a name makes



GROWING WITH AN ORGANIZATION

A conversation with John D. Harper, the president of Aluminum Company of America, about innovation, "young tigers," and public responsibilities of business

In his office high atop Aluminum Company of America's aluminum-skinned skyscraper, John D. Harper gazes from the window with pride at what's happening on the far bank of the Allegheny River.

For years, Pittsburgh's once exclusive North Side had been deteriorating. Now it's a bustle of new construction. Handsome office and apartment buildings supplant dilapidated row houses. An ultra-modern shopping complex takes root where smaller, outdated shops were going broke.

The dramatic turnaround is happening because the energetic Mr. Harper and the corporation he heads do more than talk about the public responsibility of private enterprise. They are building Allegheny Center and others like it in major cities across the land to make urban America a better place in which to work and live.

Alcoa hired John Harper at the

ripe old age of 15. To say that the association has been mutually profitable is an understatement. In 38 years the now-graying Southerner rose from that summer vacation job to president; two years later he added the title of chief executive officer.

Now 57, he's straightforward but friendly; he likes to joke that he's "a Tennessee hillbilly who kissed the Blarney stone."

In addition to piloting the world's largest aluminum company (1966 sales of \$1.4 billion), Mr. Harper is president of the Aluminum Association, a director or trustee of a dozen companies, associations and foundations, a member of the Business Council and active in civic affairs.

In the following interview with a NATION'S BUSINESS editor, Mr. Harper talks about his "young tigers," about Alcoa's policy of promoting from within, about bridging the

communications gap between business and government and about the good old days back in Freeze-out, Texas.

Mr. Harper, what attracted you to the aluminum business?

In 1925 Alcoa was really the only industry within reasonable reach of my home in East Tennessee and about the only place you could get a summer job.

But beyond that, I had a lot of interest in aluminum. I was attracted by the story of Charles Martin Hall and the progress of the company. [It was Hall, who in 1886, only months after graduation from college, invented the electrolytic process that's used today to produce aluminum.]

What kind of things were made with aluminum in the '20's?

Oh, some automotive products, some construction products. Of

course, there weren't the big-volume markets, such as airplanes. But even then, transportation was a big market and construction was beginning to grow. The electrical market was important then, as now.

You were just 15 when you started with Alcoa, weren't you?

Right.

And you continued to work for Alcoa while attending the University of Tennessee?

That is right. They had then and still have a cooperative engineering program. You alternate periods of school and work.

Has Alcoa expanded this program over the years?

Yes, we have. It gives a person practical experience while he's in college, and gives you a chance to look him over.

Has it been pretty productive for Alcoa?

Yes. We have quite a few graduates who were hired this way.

We also have a program where we hire college juniors to work the summer before their senior year. This gives us an opportunity to appraise the really promising people early.

The year 1933 was not the best year to get out of college and seek a job, was it?

It was a little bleak, all right.

I have a son who just finished Harvard Business School. Young men today have many more job offers than they have time to listen to. When I graduated from college, we had no job offers; people didn't bother to come around and interview you. You had to go out and look.

You handled key jobs for nearly 20 years in Tennessee. After that you were handed the job of building and operating a \$100 million smelter in Freeze-out, Texas; among other things didn't that make you something of a community relations expert?

I don't know that anybody gets to be an expert in community relations. But this was an interesting operation.

Here was a big corporation moving a big operation to a small Texas town. Let me tell you how Freeze-out, Texas, got its name.

Freeze-out was a way station on



"I get excited at the young tigers . . . those who don't know that something can't be done a certain way."

the old Chisholm Trail, where they used to drive cattle up to market. The trail drivers played a vicious brand of poker, called Freeze-out, and that gave Freeze-out its name.

This was really a challenge . . . a big industry moving into a very small agricultural town. The people had to adapt to some very different things, and we did, too.

Actually, the town is Rockdale; but the smelter is located in Freeze-out.

You sort of had to make yourself a Texan?

That's easy. The Texans help you do that.

You are an example of Alcoa's policy of promoting from within. What are the advantages of this, as you see them?

In the first place, essentially all of the executives of this company know the business thoroughly. They know our people and the operation, and this makes for a much easier progression of people. We think we have a closer-knit organization than one which does not bring up people from within.

Instead of taking a man from outside, we try to have him with us for 20 years, and move him up the ladder as fast as possible. Hire people properly and train them properly, that's our philosophy.

Aluminum, as an industry, has had its days of overcapacity and soft prices. Do you think these are past?

Yes, to the extent we have had them.

I'll explain. Our excess capacity was concentrated from 1957 to 1962 or 1963.

At the start of this period, there was a tremendous expansion because the government insisted aluminum capacity be increased.

The overcapacity that resulted created the price problem.

The industry is many times larger now and, we think, much more sophisticated in its demand projections.

We don't have government pressure. You spend your money based on the hope of getting it back with a profit.

Aluminum in some instances replaces other materials. In looking down the road a bit, do you see other materials replacing aluminum, and if so, what is Alcoa doing about it?

This is a continual process. Your place in the marketplace is continually shifting. The way you make a place in the sun for aluminum or any metal or material is by continued research and development and new-product marketing.

The Good Lord was kind to give us a metal that's so versatile, we don't become displaced easily. But

keeping your place requires a lot of innovation and marketing ability.

Take, for example, the easy-open beverage can. It was developed in our research facilities. We started marketing it, and the growth has been tremendous.

It had real marketability. It had a place in the market. People like to have packages that can be opened without a tool.

We are putting our twist-off caps on beer and Coke and so forth. This is a good example of innovation and marketing, a good example of finding something that is different, exploiting it, creating a demand.

We have many other things, but this is the way you create a market. And this is the reason we emphasize research and development so much.

What, in your opinion, are the public responsibilities of private enterprise?

I have reflected a lot on this subject. I think, first, any enterprise has to recognize its place in the community, and has to accept the responsibility of citizenship just as an individual has to accept the responsibility of citizenship.

I can relate this in any way you like—to pure selfishness, if you like, or a pure desire to grow; but it is absolutely necessary that industry accept this responsibility of citizenship.

We have, for example, concentrated on urban rehabilitation. Look at the selfish side first: If our cities are not good places in which to live, we are going to have trouble getting the employees we need; and if they are not good places in which to live, we won't have the prosperous people to sell our easy-open cans to.

But from a fundamental side, it is a fact that you can't exist in a vacuum. We try to encourage our people to step up to this issue of local responsibility in every way.

Your urban development operations are pretty expansive, aren't they?

Yes. We have 11 projects over the country now. We have a lot of high-rise apartment buildings going up in New York City. We have the Society Hill Development, which is rebuilding the old part of Philadelphia.

Right out this window you can see our Allegheny Center. Many years ago, Allegheny was a real

good place to live in Pittsburgh. Then it went downhill.

We are building apartments and town houses and a shopping center there. And once again it's going to be a real good place to live.

We are doing similar things in San Francisco and Los Angeles. Our biggest single project was taking the old Twentieth Century Fox studio property in California and building a planned city on it—"Century City."

As you see it, is there a communications gap between private business and the government?

Oh, I think there definitely is. I think there is a definite lack of understanding, which is mainly brought about by a lack of communication.

How can the gap be bridged?

I have some strong feelings on this. It can be bridged only if people in business take enough time and effort to tell their story, to visit with the people in the government and to tell our story so they will get it firsthand.

Basically, the idea is just to talk and talk and talk and emphasize what you are trying to do. It is amazing to me that so many people really don't have a good basic understanding of the business system that made this country grow. It is not really understood.

You fellows have done a good job of putting it over; some others have done a good job. But we get shocked ever so often by people not understanding what profits are all about.

I think we must take advantage of as many opportunities as possible to talk continually about this problem. I spend a lot of time visiting schools. It is our job to help close this gap.

Mr. Harper, do you think business people should take an active part in politics?

I don't know how you would operate without taking an active part in politics. Maybe I am saying "active interest" more than "active part," but the government-business relationship is such a key to the success of any endeavor today that I don't know anyone who can ignore it and operate successfully.

What have you found is the best method of finding good people?

We try to do a good job of college recruiting. We follow up the

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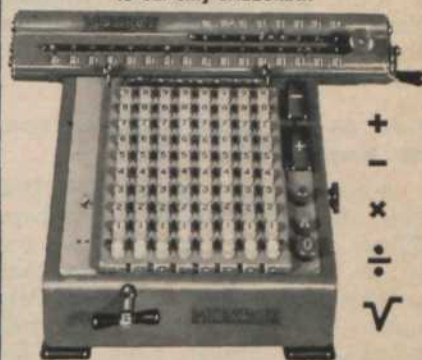
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recruiting interviews with visits to offices or plants for further interviews. Once having picked a person, we see that he is constantly challenged.

How do you pinpoint someone ready for promotion?

We spend a lot of time on early identification of people with special ability. We try to have everyone rated continually, by the sort of job he is doing, the interest with which he approaches the job, how he does in his training courses. We try to know as much about each person as we possibly can. A lot comes from personal observation.

I think the qualities you look for are the desire to excel and the willingness to give something extra in order to get things done. We try to challenge our people every way we can, and we try to broaden them out.

By "broadening them out," do you mean, say, switching somebody proficient in sales over to production?

That's right.

Are the colleges of today turning out the caliber of graduates business needs?

Yes. Sure, we get irritated with some of today's youth, but I suspect our elders got irritated when we were going through college. I don't think I was too stable, myself, at the time.

I think most of these young people coming out of college are great. I think the schools are training them better than ever. They drive them harder, and they produce people better equipped to do a job.

How do you make a big decision, Mr. Harper?

Actually, most of the so-called "big decisions" make themselves. When we have a problem, we try to get the people involved in that particular problem to dig up all the facts. The facts themselves will point to the answer. Once that answer is evident, once the decision is made—don't look back.

What has been your most difficult decision?

I expect it was deciding what sort of career I wanted to follow. That's the one I wrestled with hardest.

Where does aluminum go from here?

We have every reason to believe

we can keep the rate of growth of aluminum at least 50 per cent higher than the rate of gross national product. This will come through many, many new markets.

The electrical market is growing very rapidly. It is not only growing as a market, but aluminum is making new inroads.

Building already is a tremendous market for aluminum, and it's going to grow rapidly. You can take aluminum siding and make a house look any way you want.

Take transportation. We have light weight to offer. This reduces the dead load you have to move. That's why airplanes are made of aluminum. Aluminum is also widely used in automobiles, and you are going to see more of it. Aluminum in freight cars offers another growing market.

There are many other things in the consumer durables market. The prospects are almost endless.

You have warned, in speeches, of a profitless prosperity. Will you explain, please?

There are continual squeezes on profit. The government presses to hold prices down, taxes go up, labor costs go up. All this pushes us nearer a so-called profitless prosperity.

When people spend more time talking about this system of ours, they will realize why it is important for one to get a dividend and a profit. If we don't have profit, there is no way to create new jobs.

For a time, people were hesitant to talk about profit, and that's why it got to be a dirty word.

What is your opinion of federally set wage-price guideposts?

I don't think much of them. Many things are wrong with them, and I have debated this with such people as Walter Heller and Gardner Ackley [the former and present chairman of the President's Council of Economic Advisers].

The guideposts are completely discriminatory. When they are applied, someone is singled out. There is a lot of publicity about a confrontation and this is used to influence others. They substitute a public spectacle for judgment based on economic factors, and ignore the marketplace completely.

Then the choice shouldn't be between mandatory and voluntary guidelines, but between guidelines or no guidelines?

That's right. I don't think there is any substitute for the marketplace in setting prices. I know Mr. Kenneth Galbraith says the marketplace really doesn't do this, but he must be thinking about some business other than aluminum.

What is the most important change you have seen take place in your industry during your long career?

I think the most dramatic thing has been its really fantastic growth. The growth has been faster than any primary industry has ever experienced. It has been almost an explosion of new markets and products.

What has given you the greatest satisfaction in your business career?

Oh, I think two things, which are related: The growth of this company and the growth of people in the company. I get excited at the young tigers in our organization—those young people who don't know that something can't be done a certain way.

Given the freedom to express themselves, and an understanding ear, they frequently lead us to better approaches and techniques which had escaped our attention or had been thought impractical. Our plants, laboratories, offices and products today boast many benefits from these "can-do" innovators. They really show a driving desire for excellence.

Do you think the opportunities for success are as great today as they were when you started out?

They are greater. The country is bigger. There are more opportunities, many more than ever before.

When you do find the time, how do you relax?

I play a little golf, shoot birds, enjoy gin rummy.

Are you pretty good at gin rummy?

Not good enough. My wife usually beats me. **END**

REPRINTS of "Lessons of Leadership: Part XXXI—Growing With An Organization" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D. C. 20006. Price: 1 to 49 copies, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance with order.

YOU CAN HOLD A GOOD MAN DOWN

Courage, ability to inspire confidence, patience, persistence, adaptability, judgment, judgment and more judgment.

These are qualities top executives look for most when they try to identify men for management responsibilities. But two big obstacles stand in the way:

- None of the traits can be proved for sure by tests or interviews.
- Forces within a business work to prevent good men from rising.

The need for good managers is growing. The number of businesses operating in the United States alone increases by nearly a quarter million in an average year; and the size and scope of companies keep spreading. So most firms are more determined than ever to find the men who can ensure their growth and future. It has been popular in recent years to say that leaders of the future don't have to be identified. If a man is a leader, he finds a way to stand out, the reasoning goes.

Like most appealing generalizations, this just doesn't stand up to the complexities of real life. Not one of the outstanding top executives consulted on this subject felt that it is sound to wait for men to call themselves to the boss's attention.

All attempts to set up a precise yardstick for measuring managerial talent have failed.

"What you're asking is the \$64 question—the toughest in the whole field of management," says Dr. Henry Singleton, board chairman of Teledyne, Inc. "The executive who can find the right men to manage parts of the business for him is extending his range as no other combination of techniques or equipment will do."

If any company could reduce this to a neatly turned formula, Teledyne should be the one, judging from its growth in both sales and profits. Only seven years old, the Hawthorne, Calif., manufacturer of electronics and exotic metals is nearing the \$500 million mark in annual sales. It is now in the ranks of the

country's largest corporations. Since scientific decision-making is part of the explanation, does Teledyne also try precise ways of identifying the men who run its conglomerate empire?

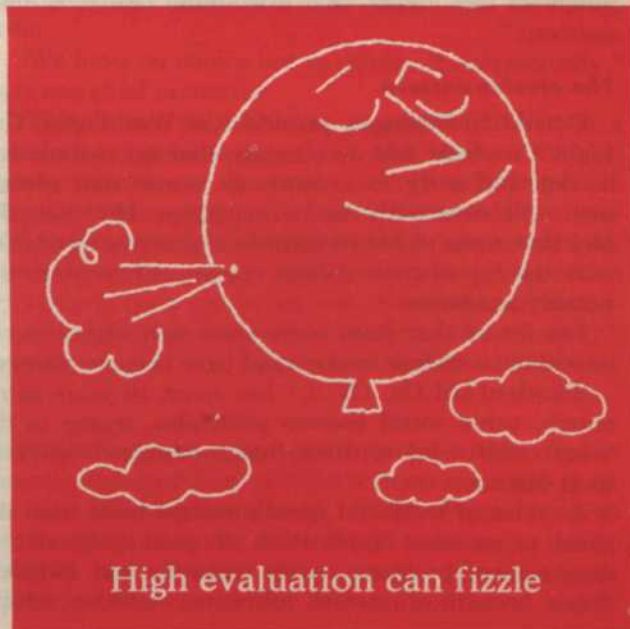
"No, we have found no formula," says Dr. Singleton. "I don't think there will ever be one. Why? Because a true manager—as distinguished from a supervisor—is a man who can cope with the uncertain or the unknown."

"A prearranged method for finding or training him may appear to work, up to the point when new, unforeseen problems occur. Then he may or may not make the grade."

"But it's only then that anyone—including the man himself—will know."

How about the theory that potential managers will call themselves to the attention of their superiors?

DRAWINGS: CHARLES A. DUNN





Dr. Singleton's answer typifies that of many executives:

"We find plenty of men who get our attention. Some of them work like the dickens, drive themselves as hard as anyone could wish—yet prove to be completely worthless as managers. Because they lack one thing—judgment.

"Judgment is the main attribute of a manager. It's the only quality that really enables him to take the burden off his boss's shoulders. And the only test for judgment is empirical—pick a man that you think might have the makings; then let him manage and see what results he gets.

"In a sense, we in top management are being continually retested when we pick other leaders," Dr. Singleton reflects. "We're trying to pick men of judgment—by using our own judgment.

"If it were reducible to a formula, it wouldn't be judgment any longer—and it wouldn't really be management."

The elusive pattern

Donald S. Bittinger, president of Washington Gas Light Co., feels just as strongly that no pattern can be detected early in a career to assure that certain men will eventually make managers. He cites the fact that some of his company's executives were once near the top of their college classes; others were not notably academic.

"As far as that goes, even some men who came to us without a college background have become officers."

Standard Oil Co. (N. J.) has spent 10 years in research, using social science principles, trying to develop criteria for spotting future managers early in their careers.

A series of tests and questionnaires have been devised to measure application of good judgment to management problems, early maturity and independence, breadth of interest, initiative, ambition, adapt-

ability, objectivity, stability. But there is considerable skepticism about the results.

The devices seem to be useful in making sure that promising men are not overlooked; but they are not considered reliable enough to eliminate men who test poorly.

"For most of us, I think this skepticism is rooted in the respect we develop over the years for the great variety and uniqueness of each individual," says one of the firm's officers.

Jersey Standard Chairman Michael L. Haider notes: "Top management was once the province of the rich and the well-born. Today's business leaders come from homes which range up and down the economic scale.

"Opportunities to obtain an education have increased, with the result that the base from which industry draws its executive recruits has broadened enormously."

The hidden candidates

Since identification is a tough enough problem, top managers should be doubly anxious to fight forces that hide good men from view.

Department heads want to hang on to their best men. Those who have the ear of higher management tend to make reports that aggrandize their own work, not that of other men with leadership potential.

"It is natural for intermediate management to resist making a top-flight man available for transfer to another department or function," says Mr. Haider.

"It is also natural for a department manager to want to make the expedient, next-in-line promotion rather than accept an individual from another department because someone says he is a high-potential man. These tendencies can be overcome only if top management lets every other part of the company feel its active and direct interest."

Jersey Standard handles this problem by making

department heads or division heads accountable for personnel development, just as they are responsible for operating results.

"Periodically—and in most cases this is once a year—the head of each unit, whether department, division or major corporate affiliate, is asked to review with higher management levels the characteristics and quality of the key members of the organization he heads," Mr. Haider says.

"The manager is judged on his resourcefulness and accomplishments in this area, just as he is judged on his operating results."

The question of developing a man once his potential has been detected seems to trouble top managers less than other aspects of this problem.

Most of the leaders consulted on this matter warn against too much rotation of manager candidates. Mr. Haider puts it this way:

"I suspect that for years we overstated the need for such a man to acquire detailed knowledge of the company's specialized activities. We have become increasingly dubious about the effectiveness of short-term rotation where the individual does not undertake full responsibility for the job.

"The managerial candidate must be given as close to full responsibility as possible for some element or unit of the company's business. He has to be cut loose to a reasonable degree before we can get any reliable measure of his progress."

Abroad as at home

The experiences of a major European company can be broadening for U. S. firms, since there is now so much interchange of ideas and personnel.

"In fact, I would predict that in 20 or 30 years the environment and motivation of executives will be more or less the same on both sides of the Atlantic," says Enrico Bignami, vice chairman of Nestle Alimentana S.A., the century-old Swiss food company which does the bulk of its business outside its own country. Mr. Bignami gives great emphasis to a point made by his American counterparts: The need for wresting good men away from the lower echelons that naturally wish to hold on to them.

"We make it plain," says Mr. Bignami, "that various parts of our widespread organization must recruit in the knowledge that they will be expected to give up some of their best talent both to headquarters and to other allied companies in the group. Apart from the obvious need to fill gaps in the management structure, this cross-fertilization of ability can do nothing but good."

A few questions such as the following will help each businessman to decide what his organization should be doing to find and train tomorrow's managers:

- What expansion plans are in sight for us?
- How many new men in management would that call for in the next five years? In the next 10?
- How many technical men? Salesmen? Administrative people?
- Would some of the expansion be in acquiring other companies and inheriting some of their executives?
- What potential executives do we have on hand? Is this enough or should we recruit more?



- Are we also prepared for attrition due to illness, retirements and to replace men who fail to measure up?

With all the thinking and planning, nothing is surer than that the finding and developing of tomorrow's managers will remain an unscientific, haphazard process.

Mr. Haider of Jersey Standard admits that: "We were wrong to think we could draw a clear-cut profile of the effective executive and then match aspiring candidates against this profile. One of the few things in this field that we have learned to accept without question is that widely different people function effectively as managers. There is no single stereotype."

But these men and all their counterparts agree that management development must none the less be a regular process.

The fact that results are haphazard does not argue for random or meager methods. It demands a broader effort, so that there are more candidates to choose from.

"We have no choice but to pursue it energetically," says one chief executive.

"This is not only because managerial talent is a priceless competitive asset, but also because the corporate executive of the future will be called upon to play an even more important part in community causes and public issues. The choice of the right men to assume these burdens, and their wise preparation throughout their earlier careers, thus becomes a matter of importance not just to the firm but to society."

—CHARLES A. CERAMI

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ARE YOU SELLING QUALITY SHORT?



Holography, three dimensional photography, is promising quality control tool.



Airline officials at briefing, held daily, to keep check on quality of air service.

American businessmen have overlooked a powerful argument in favor of free competitive enterprise that can appeal strongly to the consumer: Competition constantly keeps quality on the rise.

We have tended to underplay this phenomenon for two reasons:

It is a quiet trend.

WILLIAM A. GOLOMSKI, author of this article, is chairman of the board of the American Society for Quality Control and planning executive, John Morrell & Co. The American Society for Quality Control has 21,000 members and promotes high standards, training and exchange of information.

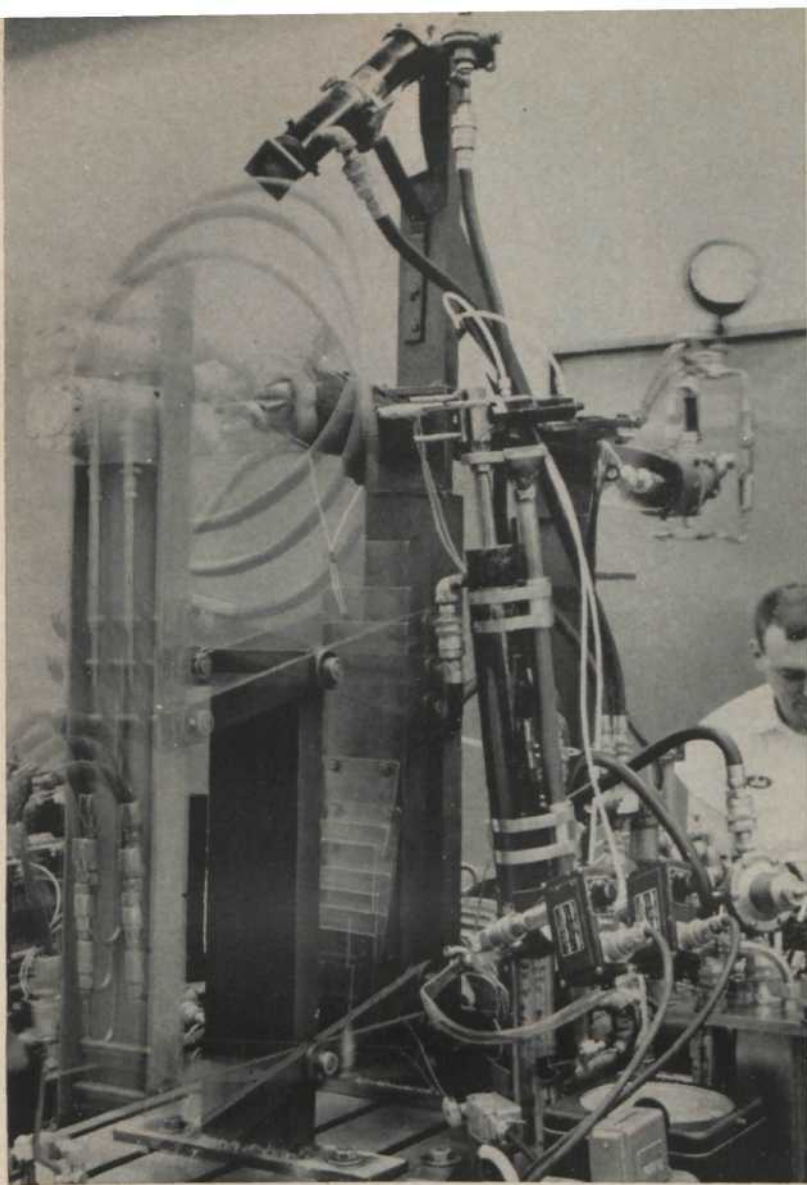
It is difficult to measure.

Many economists strongly believe that the Consumer Price Index is woefully inadequate because it is not accompanied by a product quality index.

It is misleading to say that the price of a product has risen by a factor of, say, two, if in fact, the quality has risen in the same period by a factor of four.

Unless he is given credit for this constant upward trend in quality, the businessman is unnecessarily pilloried by public opinion when he finds it imperative to raise prices.

Not long ago, on a trip through a plant which manufactures cans, I asked the plant manager how many factors he had to keep under con-



Elaborate mechanism checks steering wheel in Detroit auto plant.

trol to insure that his output was consistently first-rate.

"Oh, about 103," he said.

"We have counted up to 103 different things that can go wrong with a simple can."

He grabbed a can off the line and held it up.

"Looks like a simple item, doesn't it? Let me tell you, it isn't. If we didn't keep a sharp quality control operation in this place, we'd be out of business in a month. Our competitors would see to that."

More recently, I sat at a table having lunch with the man who has the quality responsibility for a major paper mill. I asked him the same question.

"There are so many things that can go wrong with the operation of a paper mill, we couldn't begin to count them, but if you boil them down to the 20 per cent that could cause 80 per cent of the troubles, it would be, at our last count, 630."

"When we told the people in our

advertising department that and suggested they feature this in an ad, they said, 'Are you kidding? Nobody would believe a figure like that. We'll use your idea, but we'll have to cut that number down.'"

An untold story

The businessman has been hiding his "quality light" under a bushel.

Of course, it is difficult to get the public to know, appreciate or even care about what we go through, as businessmen, to bring them a consistently fine product. Yet, I am convinced that the story can and must be told, and that, in so doing, we will do more to conserve public dedication to the free enterprise system than anything else we can do.

If the businessman is looking for help in telling this story, he has to look no further than his own quality control or reliability engineering department—if he has one.

But part of the problem facing industry today stems from the fact

that only 20 to 30 per cent of manufacturing establishments in this country have what a professional would call true quality control.

The majority have only inspection—which merely amounts to sorting out the bad from the good, after the fact. The motto of the professional, on the other hand, is: "Make it right the first time."

He takes up where the inspector leaves off. To be sure, you can't dispense with inspection. But you can certainly keep reducing your dependence on it to catch the bad goods before they go out the door.

Industry should welcome the professionalization of quality control and its proliferation into such sophisticated directions as reliability engineering, which extends the control over quality over a determinable period of time.

Through the strengthening and spread of quality control, we help to underpin the competitive drive toward extended warranties.

A good example is found in the extension of warranties by the major automobile companies, and the longer time periods covered by warranties in the electrical appliance field.

Once our business system starts on the road to maximum customer satisfaction, there is no turning back. And increasingly in the years ahead, this satisfaction will be measured in terms of reliable performance of each and every unit in the vast outpouring of goods.

Catching up on demand

An independent national survey conducted last year found that American employers, in both business and government, estimated their needs for professional quality managers and quality engineers at 35,000. Yet, as of now, no U. S. university offers an undergraduate degree in the field. Some schools, however, are studying this problem and should announce new curricula in 1968.

At the urging of industry, the American Society for Quality Control in 1965 established its Education and Training Institute, an independent training program, in the field of quality to foster and to sup-

ARE YOU SELLING QUALITY SHORT?

continued

plement that of the universities, corporate and governmental programs.

This is being stepped up at a rapid rate and on various levels.

San Diego City College has a top-notch two-year associate and science degree in quality control. Other courses are being presented in Florida, Ohio and Massachusetts. Evening programs for technicians, engineers, and managers increased 30 per cent during the past year.

Intensive short courses conducted by the universities, consultants and the American Society for Quality Control are being held at greater frequency than ever before and in new quality engineering fields.

Among subjects being taught at these quality control institutes are highly technical and esoteric topics unheard of less than 10 or 15 years ago: Quality Cost Analysis, Preproduction Quality Evaluation, Postproduction Quality Service, Reliability, Evolutionary Operation and Maintainability.

Japan quality conscious

Japanese workers today take the problem-solving methodology of quality control so to heart that they remain after working hours and, at little or no pay, struggle to tackle one quality problem after another.

After World War II the Japanese began studying American books on quality control. Knowing of Japan's erstwhile reputation worldwide as a maker of shoddy goods, they reasoned that perhaps they could apply these techniques to raise their economy from the dust.

They applied themselves to learning the technology of quality control with a zeal that combined the intense Japanese temperament with the fierce wind of necessity.

The national government applies JIS (Japanese Industry Standard) quality criteria to all products before they are given export permits. Companies conduct a year-round quality competition, and issue Q Awards to those which meet a rising standard of quality control. Japan is not the only nation which is learning fast.

Quality control and reliability engineering technology are beginning



Laboratory technician magnifies a small screw to see if it meets rigid engineering specifications.

to form an over-all pattern in the leading companies today.

The pattern is one of elevating quality control to a unified top management function, so that responsibility for every facet of company operations which affects the quality and reliability of the product, and the servicing of that product, can be properly centralized and managed.

For example, a leading food corporation has just formed a corporate department of quality control to bring together a number of once scattered operations.

Small firms need it, too

Often in small companies, managers feel they are on top of everything and there is no need for a quality control system. This delusion is bound to lead to trouble, simply because quality problems are not discussed on a regular basis.

One small but promising company made a product that a few years ago received the highest rating from a consumer research organization, but it went out of business some months later. Tracing its troubles, experts found that while management seemed to have all quality factors under control within the plant, it failed to conduct what any professional quality control man would consider a routine step—consumer feedback analysis.

Quality considerations enter at several levels—the policy statement,

customer desires, product or service design, product quality economics, manufacture, process evaluation and customer acceptance.

In most companies, this means setting up new systems of communications. This applies to small companies as well as large.

In one company, a supplier made a simple change in the paper used for the product label but did not inform the customer's purchasing department. The paper met specifications, but the supplier did not know that the product was being sent into areas that caused the label to deteriorate. Had the purchasing department been told it would have been alert to possible danger.

In any total system, such as quality control, every department involved must be informed.

Key to profits

As consumers become increasingly knowledgeable about quality, and as they encourage producers to compete amongst themselves in working toward the ultimate in quality and reliability, industry will have to devise more powerful and sophisticated methods of satisfying the rising expectations of the consumer.

In so doing it will be proving, beyond a doubt, that the achievement of the highest level of quality is possible only where this competition is keen, fair and unencumbered. It has been said that the failure of some of our most sophisticated electronic and space gear has been due to items of minor hardware, or to failures in the human link of the quality chain. This proves the need for spreading greater quality control into every corner of industry.

Business can meet the challenge of quality competition only if it gets its house in order. It is a challenge that demands the intimate concern of top management. Only total quality control, in which the manager of quality control is involved in all decisions throughout the corporation involving quality, can succeed.

In the power to control quality lies a key to profit. **END**



DEBT CLINICS

R_x
**FOR THE
 POOR**

During the recent Congressional hoopla over "truth-in-lending," businesses that lend and extend credit were pictured as hardhearted and deceptive.

Moreover, credit problems are high on the list of complaints from civil rights leaders.

Actually, American businessmen in recent years have taken giant steps in the credit field to help those who must "pay later," including poor Negroes. Businesses all over the country have launched an important new nonprofit community service for debtors—credit counseling clinics. These little known centers have emerged in 64 communities to rehabilitate thousands of debt-entangled families who have overextended their credit obligations. For persons in the sea of debt, these financial rafts have proved life-savers.

Alert financial and mercantile organizations have taken the initiative to start and strengthen them by teaming up with social-welfare, legal, medical, labor, civic, and other outfits.

The credit clinics do not coddle deadbeats. They help delinquent debtors pay up their bills, to regain their self-respect. As a by-product, they have saved local businessmen from potential losses of millions of dollars.

What credit clinics do

Why the nationwide need for these credit clinics today?

First, the approximate hundred per cent rise in personal bankruptcies during the past seven years shows no signs of abatement. For every family taking the bankruptcy road, probably another dozen are caught in the debt trap, because of imprudence in handling their credit purchases.

A second reason for the need of these nonprofit community credit clinics has been the flourishing of shady "commercial proraters" even though they are now outlawed in 22 states. Illegal debt-poolers prey on family misfortune, charging exorbitant fees with whopping extra charges for "check-writing," "postage," "bank service," and even more sinister penalty for dropping the service. As a Minnesota Chamber of Commerce official put it, "These unscrupulous, high rate commercial debt adjusters have no place in the world of commerce and credit."

Thus, enlightened credit grantors

DEBT CLINICS: Rx FOR THE POOR *continued*

and others concerned with family stability, have joined forces to start and strengthen nonprofit credit counseling clinics.

Typical sign of their effectiveness is this recent letter from the grateful user of the St. Paul clinic: "My husband and I can never thank you enough for all your help in getting us out of debt. It was quite a battle the past two years but we finally made it. Your service not only helped us to pay off all our creditors and learn to live within our means, but, more important, enabled us to retain our self-respect and not go into bankruptcy. Next week we are moving into our new home. This is something that we dreamed about for our children during the 16 years of marriage. But without your help, our dream might never have come true."

Most families using these debt-counseling clinics aren't trying to beat their debts. Their credit burdens have resulted from mismanagement or misfortune—a job loss, prolonged strike, death, accident or family illness, divorce or unexpected pregnancy.

The average client

The average clinic client is a blue-collar worker in his thirties with a take-home pay of about \$100 a week, married 10 years with a wife and three children. He generally has installment debts, excluding mortgages, of about \$3,000. Most of his creditors are small loan companies, banks, retailers and sales finance companies.

Two main types of service are now furnished at these debt-fighting centers. "Budget counseling only" is done in 10 to 20 per cent of the cases. The remaining 80 to 90 per cent are in "payment adjustment"—prorating bills which enables the debt-ridden to pay gradually with reduced payments spread over a longer period.

In at least one city, the actual check-writing and payment-mailing to creditors is done by the debtor himself supervised by an experienced creditor counselor.

The clinics receive the bulk of their income from yearly solicitations to beneficiary creditors—mainly finance companies, retailers, banks and other credit grantors—who generally comprise one half to two thirds of the policy-making boards.

Some clinics are entirely free. Many charge the debtor a fee for

the service. Others find it more practical merely to charge the credit grantors. Still others use a formula whereby both debtor and creditor share the cost.

Here is how six varied credit counseling clinics now operate effectively in different parts of the United States.

Columbus

Consumer Credit Counseling Service of Greater Columbus, Inc.

This service was born in Columbus, Ohio, in August, 1955, as the Economy Budget Service. It was then the brainchild of the late Leon J. Ingram, president of the Capital Finance Corp., a public-spirited 18-state, small loan company which financed and operated it entirely alone at a \$15,000 annual cost for 12 years.

On Aug. 1, 1967, the service was taken over intact as a community-sponsored and financed project under its new name. The new president is Kline Roberts, president of the Columbus Area Chamber of Commerce.

"Our reason for suggesting that it be converted into a community-sponsored service," explains Capital Finance President Harry E. Fuller, "was because we felt we were not providing a complete service and needed additional counselors."

No charge was made during the past 12 years to the 6,000 families interviewed and advised by the Economy Budget Service in the belief that those who needed it most were the least able to pay for it. Payments adjustment accounts were set up for 1,351 families which probably kept many away from bankruptcy courts—and other trouble. When pressures from too many debts become unbearable, breadwinners disappear, and the results may be desertion, divorce, and mental breakdowns.

Clients were accepted from every walk of life. The only requirement was that the debtor agree to send a certain amount weekly or monthly to the Economy Budget Service which was promptly forwarded to creditors.

Counselors worked out longer, lighter payment schedules and advised debtors how to ward off bankruptcies, garnishments, disrupted credit and how to consolidate their financial obligations.

Each debtor owed an average of \$2,000 to 10 creditors which he took 18 to 24 months to pay off. In addition,

he learned the art of budgeting and the more intelligent use of consumer credit from this experience.

Phoenix

Family Debt Counselors

America's longest operating nonprofit community-based credit counseling service called Family Debt Counselors was started modestly in Phoenix in March, 1958, thanks to a \$500 appropriation by the Arizona Consumer Loan and Finance Association. Since then, it has attracted not only community, but widespread business support.

Last year this 24-board member service—representing important city groups—helped 2,344 debtors, distributing \$884,252 of their payments to creditors—most of which might have gone into bankruptcy.

"We don't coddle our clients," explains L. M. Linxwiler, an ex-credit manager with 20 years' experience. "We are neither a charity organization nor a lending institution. The average family coming to us for help is \$3,000 to \$4,000 in debt."

To get many down from their Cloud Nine level of living, husbands and wives are asked to read, sign and keep a letter which says in part:

"You are the only ones who can get yourself out of debt. We can give you advice. We can help lay out a plan for you. But you must pay your own way out. It may even mean accepting a new viewpoint on what is 'convenient,' or 'nice to have' and what is really a necessity. You must keep your word with us. While we can usually get the cooperation of creditors toward reducing total monthly payments, they all want—and are entitled to—assurance that the agreed-to plan will be carried out. You must keep faith with us so we can keep faith with your creditors."

Cleveland

Consumer Credit Counseling Service of Metropolitan Cleveland, Inc.

This credit clinic was started in 1965 with a \$15,000 foundation grant. It employs as its counselors five retired high-level executives from the banking, finance and credit fields.

These successful businessmen in their late 60's and 70's—each with at least 40 years' experience in money management—now work two days a week at the clinic.

The clinic's board chairman, Marshall A. Mott, also dubs as

president of the Cleveland Better Business Bureau. Trustees include high officials of the Welfare Federation, big department stores, banks, savings and loan associations, credit bureau, finance companies, industry, unions, municipal court, Legal Aid Society, medical and dental societies.

"We make no charge whatsoever to the debtor for prorating counseling or anything else," explains D. D. Scott, the full-time president and manager, who was formerly vice president of a leading Cleveland bank.

"The alternative to what we're trying to do is dunning by creditors or going bankrupt. We're trying to rehabilitate thousands of financially distressed families."

St. Paul

Credit Counseling Service of Credit Bureau of St. Paul, Inc.

In October, 1963, the merchant-owned 1,200-member Credit Bureau of St. Paul opened this nonprofit but self-supporting credit counseling service.

Last year on a \$43,000 annual budget with four full- and two part-time employees, through 1,500 checks per month, it distributed nearly \$500,000 in debt payments to creditors.

For debtors needing only advice, or who are truly destitute, no fee is charged. But when a prorated program is handled, five per cent of the total indebtedness is charged.

"This covers half of our cost of operating this nonprofit program," explains manager James P. Flannigan. "The other half is voluntarily paid by the creditors. We ask them to pay five per cent of the money they receive from us and over 90 per cent do so. Those who do not are generally government agencies which cannot by law pay the shared cost.

"In five years with this program, I have never gone to a creditor with a true hardship case and been refused a reduction in payment. Some families were so heavily indebted we could only pay about half the creditors each month, but the creditors agreed to this.

"There is a nearly universal attitude within the credit industry toward a family in financial trouble and willing to work its way out: Forget profit . . . concentrate on assistance and rehabilitation. That may sound corny, but how else do you explain the creditor who says: 'If this family really is in that

rough financial condition, consider my debt paid because I don't want to make matters any worse for them.'"

Understandably, lack of communications between debtor and creditor is the biggest problem to overcome. Few debtors take the time to go to their creditors and explain why they cannot pay. So the creditor feels the debtor is trying to avoid or cheat him. Then the trouble starts.

One man's wife left him and refused a reconciliation until his bills were paid. Troubleshooter Flannigan

**For a look ahead
at what congress
will do
in next year's
session . . .
See page 36**

gan persuaded creditors to hold up garnishment proceedings on this long-term employee and convinced his wife to go to a marriage counselor. The woman was persuaded to reunite with her husband, live on a "no fat" family budget until their bills were cleared up.

Atlanta

Consumer Credit Counseling Service of Greater Atlanta

Though Georgia outlawed "commercial proraters" in 1956, since then many families in the state have been exploited by them through national ads and direct mail.

This reputable credit counseling clinic—which was started to help combat them as well as bankruptcies—charges no fees to debtors or clients.

Thanks to the spadework of the Atlanta Consumer Credit Association, it was incorporated as a nonprofit organization in 1961. But the service didn't get going until October, 1964. It first ran up a deficit.

In February, 1966, the credit clinic was rejuvenated by a new executive director, K. W. Shaw, with 18 years' experience in consumer credit, mostly as a finance company area supervisor. Things have been humming since.

The counseling service now has a

board of 24 and an Advisory Committee of 30 leadership persons from the Chamber of Commerce, Bar Association, medical and dental societies as well as the credit granting industry.

One board member recently sparked a state-wide credit education program. This past summer the service launched a series of five telecasts on the Georgia Educational TV Network titled "There's Credit in Your Future."

Director Shaw believes that consumer credit education is one of the service's big tasks. "Many people go through life not understanding how to use and enjoy credit," he deplores. "Public schools offer far too little information. They teach a youngster how to drive a car but say nothing about how to own one."

Michigan

Michigan League Budget Service

This is the largest nonprofit credit counseling clinic in the United States. During the past six years, it has served more than 7,000 families and returned to creditors over \$7.5 million. In the first six months of 1967, its 14 counselors interviewed more than 1,500 families and mailed to creditors \$1.5 million.

It operates through its bustling, businesslike home office in a modern downtown Detroit office building with branch offices in Benton Harbor-St. Joseph, Ecorse, Flint, Grand Rapids, Lansing, Royal Oak, Saginaw, Garden City, Ypsilanti and the Ann Arbor area.

A debtor must sign an agreement that he will not borrow nor make additional purchases while in the program. In return, he is relieved of worry and pressure from garnishment and the threat of losing his job.

How it all began

During the early 1960's, credit industry leaders sparked the National Foundation for Consumer Credit to help start these credit counseling services in many localities and to develop financing plans.

Less than a century ago, a man who didn't pay his bills was slapped into prison. Going into debt was considered sinful.

But in modern America, credit runs the economy.

Far more credit education is needed. But today's emerging credit counseling clinics are keeping countless families from financial disaster.

—JACK HARRISON POLLACK

Harvard nutritionist Fredrick J. Stare follows his own common-sense advice.

HOW TO LIVE FIVE YEARS LONGER

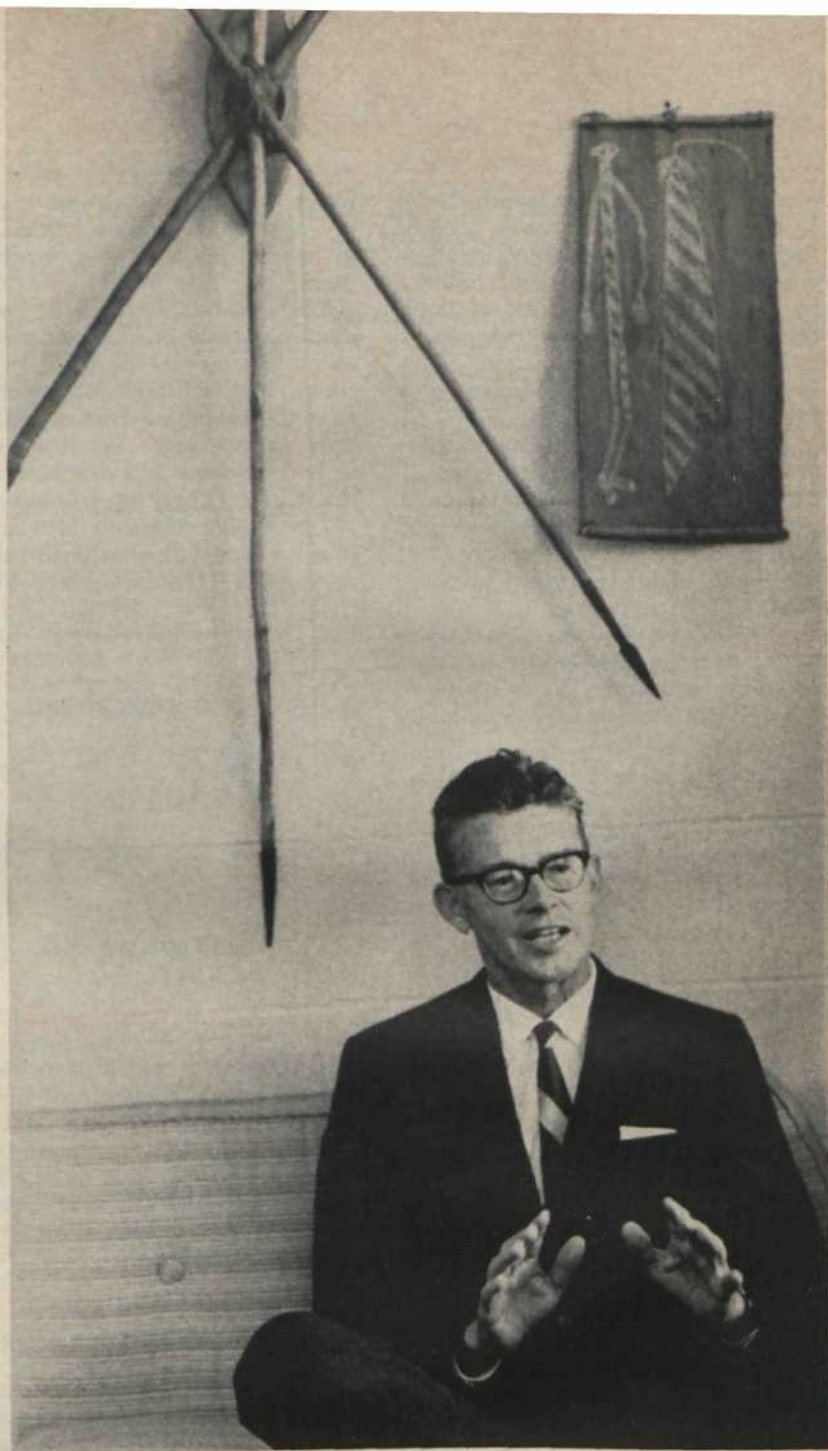


PHOTO: IVAN MASSAR—BLACK STAR

A prominent physician gives you useful advice on diet, exercise and danger signals

You have a good chance of preventing a heart attack, or at least minimizing its damage if it strikes. And you can guard against other maladies of man.

It's up to you, says Dr. Fredrick J. Stare, chairman of the Nutrition Department of Harvard University's School of Public Health. Dr. Stare is an internationally respect-

ed authority on nutrition. In addition to heading up an ultramodern nutrition department, Dr. Stare finds time to write a syndicated newspaper column, to answer nutritional questions on a regularly scheduled, early morning television program, to make speaking dates across the nation and to play a mean game of tennis.

To get his views, a NATION's BUSINESS editor talked with the energetic doctor at length in his Boston office, cluttered with mementos ranging from Congolese pygmies' spears to bark prints from Australia's aborigines. The interview follows:

Dr. Stare, you have written that the one and only magic formula for

healthful eating lies in the variety of foods eaten and in not eating too much.

Right. There is no single food that contains all of the 50 to 55 known nutrients. So, if you want to make sure you are getting all the nutrients you need, it's important to eat a variety of foods.

This variety breaks down into four categories: Dairy products, fruits and vegetables, cereals and proteins—meats, fish, eggs and things of that kind.

And don't eat too much.

Will you elaborate on that, please?

Yes. One thing many businessmen should get into the habit of doing is taking smaller servings. If you take the plane from Boston to Chicago, or Washington to San Francisco, you will have a very nice dinner in flight.

When you get through eating, you will be full. And yet, you will probably have eaten half of what you would have if you had eaten out or at home.

People frequently ask me how they can lose weight; I tell them that for the next month eat half of what you have been eating. If you are used to having a breakfast with two eggs and two pieces of toast and one pat of butter, have one egg and one piece of toast and a half a pat of butter.

I don't think you will be hungry, and you will be cutting the calories in half.

Heart disease is the biggest killer today. How do we get it?

First, this is a disease which has strong hereditary factors. An individual whose mother or father or brother or sister dies an early death from heart disease is more likely to develop the disease himself.

By an "early death" I mean before the mid-sixties.

Second, heart disease is accelerated and aggravated by an increase in blood pressure.

Third, it is a disease which is accelerated by an increase in the level of cholesterol in the blood.

Fourth, it is more prevalent in those who have diabetes.

Fifth, it is more prevalent among those who are cigaret smokers.

Sixth, it is more prevalent in those who are overweight.

Seventh, it is more prevalent in those who tend to be lethargic as

compared to those who are moderately active.

Do stress and strain bring on heart trouble?

As far as I know, there is no evidence that stress and strain have anything to do with causing heart disease. This is about the opposite of what most people think.

Now, the seven factors I mentioned function in an additive or synergistic way. If you've got all of them you're really behind the eight ball, the outlook is rather bleak.

What can today's businessman do to avoid heart trouble?

You can't do anything about your hereditary factors; you're sort of stuck with whoever your parents were. But you can do something about the others.

There have been a lot of advances in the treatment of high blood pressure. There are new drug therapies and low-sodium diets. With most types of what we call simple high blood pressure, a drastic reduction in the salt intake—our main source of sodium—will result in a lowering of the blood pressure.

You can stop smoking, if you are sufficiently motivated.

Diabetes can be well treated today and generally speaking is well treated.

Then you come to the question of cholesterol in the blood; this is where diet comes in in a most important way.

Most people can reduce their cholesterol level from 10 to 20 per cent, which is quite a significant reduction. To do it, they must reduce rather drastically their intake of what we call the saturated fats. These are the fats of milk—you know, the butter family—and of meats. The yolk of the egg is the single most important source of cholesterol in our common foods. Eat all the whites you want, but not the yolks if you want to reduce your cholesterol level.

So, cut down on saturated fats, cut way down on the egg yolks, and replace the saturated fats with the so-called polyunsaturated fats.

It's also important to watch your total caloric intake and caloric expenditure. If one keeps his weight down and is moderately active physically, the hazardous effect of saturated fats is greatly di-

minished and may even be nullified.

It's important to balance caloric intake with physical exercise, isn't it?

It certainly is. The important thing about exercise and calories and keeping them in balance is the frequency of the exercise.

For example, most people do not become overweight between Christmas and New Year's; rather between New Year's and Christmas. It's the extra 50 calories, the extra 100 calories, the extra 150 calories you take in each day between New Year's and Christmas that add up to a gain in weight of may-

PHOTO: JAMES COYNE—BLACK STAR



Paul C. Cabot, chairman of State Street Investment Corp., stays fit by playing tennis whenever he can.

be five or 10 pounds at the end of the year.

It's not the vigorous amount of physical activity you get from climbing the Washington Monument, or playing 27 holes of golf every other weekend, but the extra 100 to 150 calories that you expend each day that tends to neutralize the little extra caloric intake you may have each day.

What exercise do you recommend?

Walking, for one. The ordinary

PHOTO: JOE COVELLO—BLACK STAR



Paul Kaiser, president and chairman of Philadelphia-based Tasty Baking Co., swims 600 yards a day to keep in shape. Dr. Stare recommends swimming as "wonderful exercise."

adult businessman who will walk 30 minutes a day rather briskly will expend about 150 calories.

I can't quite visualize too many important businessmen going out for a half-hour walk just to have a walk; but, on the other hand, I can visualize them taking two 15-minute walks or three 10-minute walks.

If you live in the suburbs and commute a mile to the suburban station where you catch a train or bus, there is no reason you can't walk that mile. Getting in the habit of walking is important.

Exercise also strengthens the muscles of the body, including the muscles of the heart and the muscles of the blood vessels. All blood vessels are simply muscular tubes, and they expand and contract all the time.

If those muscles are well used, they have a better blood supply than if they are not.

A heart attack is really nothing but one of the blood vessels of the heart becoming plugged; on the other side of the plug the heart muscle dies because it doesn't get nourishment.

If there are other blood vessels in the vicinity that have been well exercised, they can take over and supply this heart muscle with nourishment.

You practice what you preach on this walking, I understand?

You're damn right.

What other types of exercise do you suggest for a businessman?

Businessmen should try to adjust their day so they can get in a little tennis or squash.

I'm not very enthusiastic about golf as a means of getting physical exercise. It's a very pleasant game if you can find three or four hours during the day. I can't. It's a pleasant way to relax, but you don't get much physical activity, particularly if you ride around in an electric cart.

Swimming is a wonderful way to exercise. If you can, try to swim 15 to 20 minutes at lunch or at the end of the day.

I emphasize walking because it's the easiest form of physical activity. Also I think businessmen ought to get in the habit of walking up the first three flights of steps. If your office is on the twelfth floor, there is no reason why you can't walk up three flights and then take the elevator. You may feel like a fool the first time you do it, but you will probably live longer.

If you watch your diet and get the exercise you should, I think

you can expect to live five years longer.

Of course, in some of our modern office buildings, you can't find the steps.

Another thing, I think the ordinary businessman who lives in the suburbs and has a manageable lawn should use a push mower. It's absolutely ridiculous to see some big, fat slob with a front lawn only twice the size of his bedroom sitting on a gasoline mower.

I think he's reverting to childhood fantasies; he thinks this is a coaster wagon.

Emotions enter into health, don't they?

That's right. It's important to realize there is something called emotional health, psychological health. I think that going for a walk with your wife or the children is a way to get to know your family a little better, to have a little happier home life. The whole family can go swimming. They can play tennis.

Are isometric exercises useful?

They are, but they aren't nearly as good as ordinary exercises because they don't stimulate the circulation as much.

I have no objection to calisthenics except I think they are so terribly dull.

Is it essential to eat three meals a day or can we safely short-cut?

We can safely short-cut. In fact, there is increasing evidence that we probably would be better off if we ate five, six or seven smaller meals a day than our customary one or two small ones and a large one at night.

A characteristic of obese individuals is that they very seldom eat much breakfast.

They usually have a light lunch; but when dinnertime comes they eat a much larger meal. They are still not satisfied, and they eat more about 9:30 or 10:00 p.m.

We try to get across to physicians the fact that most people who are obese take in about two thirds of their calories after six o'clock at night.

We try to break this cycle by having them eat a generous breakfast, a modest lunch and a light supper.

Do job pressure and tension have any ill effects?

I don't know of any. I think

most people are going to be happier and have much better health if they work hard physically and mentally.

Doctor, you are a leading proponent of fluoridation of water. Why?

Because I think that fluoride deficiency, lack of fluoride, is probably the most prevalent nutritional deficiency in this country. We know fluoride has something to do with lessening tooth decay. We know it has something to do with preventing and it can be useful in treating osteoporosis, a decalcification of the bones. And we think it may have something to do with preventing hardening of the arteries.

Should adults drink milk?

Yes, especially if the water supply is fluoridated. I mentioned osteoporosis. I'll explain.

Your skeleton is made up primarily of calcium and phosphorus, and from the time you are conceived until you are about 35 to 40, you are building strong bones.

Then something happens; you start excreting calcium. This can progress into osteoporosis, which simply means porous bone. Osteoporosis is one of the most common diseases of aging. It is the reason why someone 65 or 70 who slips on the ice, stumbles on a bathroom rug, often breaks a bone.

I'm sure when Senator Dirksen fell out of bed two years ago and broke his hip it was because his hipbone was osteoporotic. Winston Churchill, five or six years before his death, fell and broke his hip. Same thing.

So drinking milk will help us gain back the calcium?

It's not that simple. We have tried giving calcium as a medication, but middle-aged people don't hang on to it. Then about six or seven years ago it was discovered that smallish amounts of fluoride help a person hang on to calcium.

I think this is one of the most exciting developments in modern medicine because there was no known treatment for osteoporosis until this came along.

So now more of the calcium you gain from milk and other dairy products can be retained, rather than excreted away.

Should a person's diet change with his age?

It certainly should with regard to the total caloric intake. Children use up a lot of energy, but as you grow older you become increas-

ingly less active. If your eating habits don't change you'll start gaining weight.

Do we need more vitamins as we grow older?

Generally, no. You really need smaller amounts. The function of most vitamins is in the utilization of food. If you cut down on your food intake because you need less calories, you need less vitamins; you've got less food to metabolize.

The same comment, in general, applies to minerals; but there are some exceptions. One would be fluoride.

How can today's businessman avoid getting ulcers?

By following the practical treatment for ulcers even before he gets them. Keep a smallish amount of food in your stomach most of the time because it tends to sop up the hydrochloric acid which is the main cause for irritating the ulcer, causing pain, and preventing the ulcer from healing.

You don't have to drink milk. Adjust your eating pattern so that you have something for breakfast, half a doughnut and half a glass of milk at 10:30, a little bit of lunch, a little something at 3:00, 5:00, a light supper at 7:00 and a bite to eat at 10.

In other words, frequent, small feedings not only are the standard method for treating ulcers, but are the standard method for preventing them.

Do you recommend that executives take naps? Many of our Presidents have.

Yes, I think naps are very desirable, particularly for people who do have a very stressful life. As I said before, I don't know of anything harmful about stress except that you do get tired. The person who works hard and can relax for 15 minutes before or after lunch or after a brief swim can keep going till 7:00 or 8:00 at night.

What about cocktails at lunch? Should we or shouldn't we?

Generally, you shouldn't.

First, cocktails are a pretty potent source of calories, and you can only handle so many calories a day.

Second, if you get in the habit of having a couple of cocktails at lunch, a couple before dinner, and more later, you get in a pattern where a number of people have difficulty knowing when to quit.

How often would you advise a busi-

nessman in apparent good health to have a physical checkup?

For the ordinary person in apparent good health, once a year is plenty.

What are your ideas on vacations? Should a businessman try to get away for short trips spread through the year or do you advocate a single, longer trip?

I think the former. I think it is much better if people can get away for, let's say, a week four times a year or two weeks in the winter and two weeks in the summer. I think frequency is much better than having it all at once. **END**

REPRINTS of "How to Live Five Years Longer" may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance with order.



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BRINGING THE FUTURE INTO FOCUS

Will a contractor one day order weather to suit his building schedule? Will we control crime with pills? Will parents someday be able to pick the sex, coloring and physical and mental characteristics of their children?

Scientists using new methods to forecast the future contend all of these things are possibilities.

And business is finding in these new techniques ways to answer more accurately its own myriad questions about the future.

The short-range look ahead has become standard practice for most companies, using their own people, such as staff economists and marketing specialists.

Now some are utilizing scientists engaged in what has become a new art—forecasting probabilities 20, 30, or even 50 years into the future.

These medium- and long-range forecasters follow a trail of logic, research and experiments that are projected to ultimate conclusions.

There are too many imponderables about the world of tomorrow for the scientists to project many specifics.

But industry is banking heavily on projections of probabilities.

"You can't just sit still," says Dr. Carlos A. Efferson, manager of organization planning of Kaiser Industries Corp.

Robert W. Roth, director of corporate planning, adds:

"If you don't know what's going to happen, it's like sitting with blinders on."

Much of industry has in the past decade come to recognize the value of having specialists on the payroll in trend and cost analysis.

"We also think it's worthwhile to try and know what the world is going to look like in the future," says Dr. Efferson.

This long-range look into the future encom-

passes aspects of social as well as business impact. And it is primarily for this reason that industry is turning to experts who can bring authorities from many diverse fields into forecasting.

Why industry looks to future

"A businessman needs all the help he can get," declares Dr. Norman Dalkey of the RAND Corp., the world-famed analytical organization in Santa Monica, Calif., founded in 1946 by the Air Force.

"This is because things are changing much faster. A generation ago, business could react slower. Not now."

Dr. Olaf Helmer, another RAND scientist, puts it this way:

"The exploration of the future is no longer equated with fortune-telling or with crystal-ball gazing. Instead, there is growing recognition that a great deal can be said about future trends in terms of probability, and moreover, that through proper planning we can exert considerable influence over these possibilities."

Messrs. Dalkey and Helmer developed the Delphi technique, a sophisticated system of projection that was kept secret for many years when it was used for Air Force predictions at RAND.

In the early 1950's, the scientists used the technique to estimate the probability of what Soviet strategic planners would pick as U.S. industrial targets and the number of atomic bombs needed to knock out munitions production.

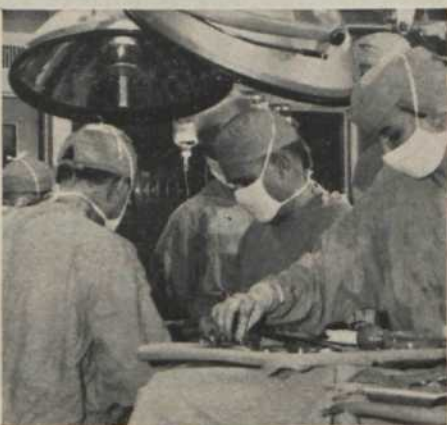
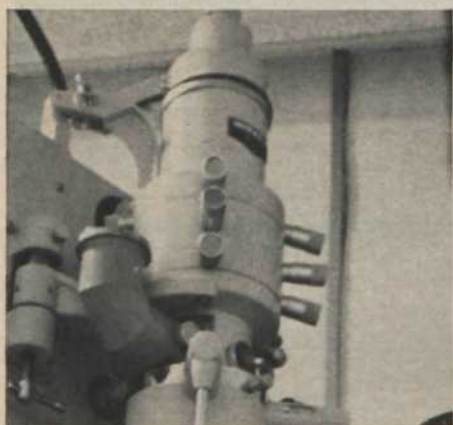
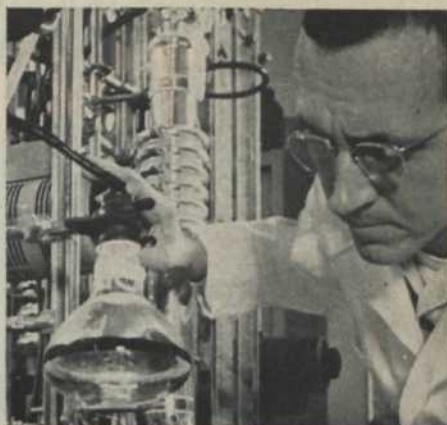
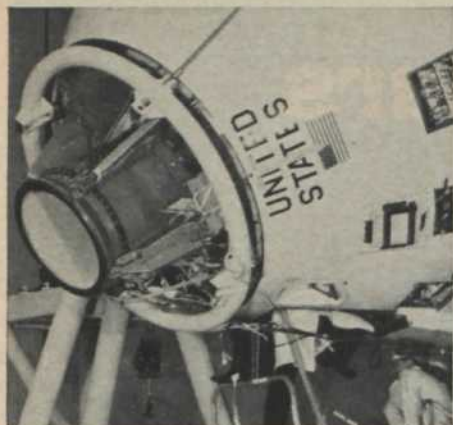
Using this method, Dr. Helmer and Theodore J. Gordon, 36-year-old director, advance space stations and planetary systems for McDonnell Douglas Corp., developed for Kaiser a game called "Future."

It was conceived as a promotional tool for the company and to stimulate thinking for cus-

The next 20 years

Listed below are examples of the events and subjects now being systematically evaluated through long-range forecasting studies. They were taken from the game "Future" developed for Kaiser Industries Corp. Which ones do you predict probably will occur or will not occur in the next 20 years? Check your predictions and compare with the experts' opinions on page 85.

| I predict that in 20 years this event | Will occur | Will not occur |
|--|------------|----------------|
| 1. Drugs to control personality are widely used. | | |
| 2. Annual wage of \$6,000 is guaranteed all breadwinners. | | |
| 3. Wide practical uses are made of lasers in industry and medicine. | | |
| 4. Most urban people live in high-rise, multiuse buildings. | | |
| 5. Household robots are widely used, facsimile newspapers printed in the home. | | |
| 6. Expenditures for recreation and entertainment are doubled. | | |
| 7. Free public education through college is available to all. | | |
| 8. Private U.S. investment in foreign countries is doubled. | | |
| 9. Elements manufactured to order from subatomic building blocks. | | |
| 10. Private passenger vehicles are barred from city cores. | | |
| 11. Computerized medical diagnosis is in wide use. | | |
| 12. Annual investment in automated equipment is 10 times that of today. | | |
| 13. Unrestricted trade with communist countries is permitted. | | |
| 14. Manned lunar base exists. | | |
| 15. Three out of four people in the United States live in cities or towns. | | |
| 16. Defense budget is less than 10 per cent of Gross National Product. | | |
| 17. More than 120 million autos are in use in the United States. | | |
| 18. U.S. unemployment rate is lower than today. | | |
| 19. Substantial increase in food supply is obtained through ocean farming. | | |
| 20. Ultralight metal substitutes are in wide use. | | |
| 21. Most business is conducted by picture-phone. | | |
| 22. Computer-controlled highway traffic has been introduced. | | |
| 23. Currency is virtually eliminated by credit cards. | | |
| 24. Average workweek is shortened to 32 hours. | | |
| 25. Average life span of people reaches 100 years. | | |



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tomers and other community leaders about the dynamics of change.

Kaiser is one of hundreds of companies actively concerned with what lies ahead 20 or 30 years or more. The list is growing fast.

"Projections are not concerned with specifics," Dr. Dalkey quickly points out.

"They set out probabilities. Their purpose is to help implement decisions you are going to make right now and as an aid to policy."

Mr. Gordon says it also involves exploring interrelationships between a forecasted item and its associated probabilities.

"For example, if reliable weather forecasting becomes a reality, the probability of air and water pollution control increases. So does weather control, the investment in automated computer machinery and the reduction of crop losses."

Some developments seen as pos-

ible in these long-range projections may never come to pass for political, moral or religious reasons.

These could include, for example, an extension of "personality control" drugs. Or genetic controls that could breed a human to exact physical and mental standards.

even farther. Computers are employed in this process.

"The feedback reduces the area of uncertainty," Dr. Dalkey claims. He explains an expert will be able to give a better appraisal if he has pertinent information not normally available in his particular field.

As a simplified illustration:

Six experts could be solicited for their views on a subject. Three or four follow-up questionnaires might then be sent, interspersed with feedback data to the group.

This information generally would consist:

- Either of available data previously requested by one of the experts (i.e. output statistics for steel mills).
- Or of factors and considerations suggested as potentially relevant by another of those participating (in the case of the bombing study, as an example, the extent to which power-transmission facilities permit reallocation of electric power).

The idea of Delphi, its developers say, is to bring to the surface latent ideas and information to provide an orderly technique for getting a consensus.

"The fewer experts involved the better," says Dr. Dalkey. "But if you wanted to try to predict the future of Los Angeles, you might want 50 or more—experts in traffic, housing, transportation and related fields."

Other ways to project

While there have been many techniques of projection, Dr. Gordon, in his knowledgeable book "The Future," says he started his exploration into the world of tomorrow using tools readily available to any one.

He explains there are mountains of information already published on experiments in various fields and recognized authorities are available for questioning about future probabilities.

That the future is a magnet for hundreds of scholars and scientists is demonstrated by dozens of institutes and centers in the United States and abroad devoted to effort in this area.

There is so much being done on so many fronts that a number of scientists have proposed establishing an "Institute of the Future" that could serve as a central focal point.

Gaming, or role-playing, is a popular technique in forecasting. Playing the deadly serious games, participants pretend to be decision makers. Strategy is simulated and they take stronger tactics by being in a role. Classic examples of gaming are military maneuvers.

How could a businessman apply these various forecasting techniques?

Take gaming, for example.

The experts say you might take specialists in marketing, production, finance and sales and assign them roles as members of a board of directors envisioning a company's future in 20 years.

This could be a hypothetical result:

The marketing expert argues a product mix should be more varied, citing a projected 150 per cent increase in the number of families in the company's service area, and that the known appeal of convenience packaging is sure to expand sharply.

The production specialist might view a more varied product mix primarily from the standpoint of labor supply and plant equipment.

The finance officer will weigh costs against gain, while the sales manager wants to fill every custom-

ANSWERS TO QUIZ ON PAGE 83

- | | | | | |
|-------------|-------------|--------------|--------------|--------------|
| 1. Will | 6. Will | 11. Will not | 16. Will | 21. Will not |
| 2. Will not | 7. Will not | 12. Will | 17. Will | 22. Will not |
| 3. Will | 8. Will not | 13. Will not | 18. Will not | 23. Will |
| 4. Will | 9. Will not | 14. Will | 19. Will not | 24. Will not |
| 5. Will not | 10. Will | 15. Will | 20. Will | 25. Will not |

How forecasters predict

How forecasters predict

Over the years, various methods have been devised on which to base projections. Two familiar areas of forecasting are election predicting by television networks and population forecasting by the U. S. Census Bureau.

Election forecasts generally are based on a probability of occurrence and data from past voting patterns in key precincts.

This probability of occurrence is the central element in the so-called Monte Carlo prediction technique using large computers.

Census Bureau forecasts originally were based on a mathematical process called the logistics curve. Later the cohort fertility method was employed, using data compiled by nongovernmental organizations

er desire. Each participant will buttress his arguments with statistics and other data projected on the best available expectations. Each makes the case from his own point of view.

It sounds simple. But experts say, as the board meeting progresses, it will bring ideas about the future into sharp focus. Each participant, they say, will get new insights into other areas outside his own. More than likely, they claim, there will be a consensus on some matters.

What the gaming board of directors reports will be useful information for the real board.

Using the Delphi technique, the businessman would avoid any confrontation between the various specialists, substituting instead a series of questionnaires.

To explore the possibility of air conditioning an entire city, for instance, questionnaires would go to many experts—such as city planners, construction engineers, traffic specialists, public health officials.

The technique used by the television networks in election forecasting is already widely used in business, especially in marketing and the development of new products. Many consultant firms specialize in going into an area or town—inter-

viewing and using questionnaires—both in advance of test marketing a product and to follow up after sales.

Many businesses base decisions about the future on test marketing—the “performance” of a product. Among the oldest business tools is the logistics curve.

“You could call this a growth curve,” says one expert. “It’s still in use today.”

As an example, take a businessman who is thinking of erecting a new building and wants to anticipate his company’s growth to make sure he’ll have enough room to expand in the future.

Using a graph and past performance figures, he would plot a growth curve and with it try to estimate his business at a future date.

The military pioneered operational and systems analysis used in projections, too. Many credit the postwar technological explosion to the “necessity is the mother of invention” atmosphere created by World War II. This was an era which saw huge sums of money available to translate theory into hardware.

The amount of money available is a big factor in how quickly probabilities in forecasting become fact.

A case in point is the space program, where billions were committed after the Russians shot up their Sputnik.

In any projection of the world of tomorrow, population is a key. Data compiled from fertility surveys is counted upon heavily. The U. S. government is no longer embarrassed to involve itself in these surveys and future ones will delve deeply into the subject of birth control.

There is a proposal now for an annual fertility study every two years which would explore the use of contraceptives and whether children born to women at certain ages were “wanted.”

Because these population forecasts involve the uncertain element of fertility, no specific is ever predicted.

Instead, four projection assumptions are made covering various possibilities.

Industry’s stake in knowing what tomorrow may be like is readily apparent, if it is to meet the challenge posed by the dynamics of change.

The interest and investment thus far by businessmen show they recognize the challenge and intend to meet it. **END**

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| | Page |
|--|---------|
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| | Page |
|--|--------|
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| Latham Time Recorder Co. | 10 |
| George and Glover, Atlanta | |
| Lyon Metal Products, Inc. | 31 |
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| Stevens-Kirkland-Stabelfeldt, Inc., Chicago | |
| New York Life Insurance Co. | 18 |
| Compton Advertising, Inc., New York | |
| Oxford Filing Supply Co., Inc. | 19 |
| Geer, DuBois & Co., Inc., New York | |
| Pitney-Bowes, Inc. | 9, 61 |
| de Garmo, McCaffery, Inc., New York | |
| Pontiac Motor Div. | 11 |
| General Motors Corp. | |
| MacManus, John & Adams, Inc., Bloomfield Hills | |

| | Page |
|---|---------|
| Price, T. Rowe, and Associates, Inc. | 20 |
| (Growth Stock Fund) | |
| VanSant, Dugdale and Co., Inc., Baltimore | |
| Royalmetal Corporation | Cover 2 |
| Buchen Advertising, Inc., New York | |
| Ryder System, Inc. | Cover 3 |
| Neals & Hickok, Inc., Orlando | |

Regional Advertisers

| | |
|---|----|
| American Electric Power Service Corp. . | 59 |
| Gardner Advertising Co., New York | |
| Association of Industrial Advertisers . | 59 |
| New York | |
| Delta Steel Buildings Co. | 35 |
| Glenn Advertising, Inc., Dallas | |
| Kaar Electronics Corp. | 16 |
| Marine & Land Communications Div. | |
| Ronalds-Reynolds & Co., Montreal | |
| Magazine Publishers Association | 35 |
| Magazine Advertising Bureau, New York | |
| Marine Midland Corp. | 45 |
| Batten, Barton, Durstine & Osborn, Inc., New York | |
| Olin Mathieson Chemical Corp. | 35 |
| Ecusta Paper Div. | |
| Bennett Advertising, Inc., High Point | |
| Zip Code, U. S. Post Office Dept. | 16 |

Teaching private enterprise

BY STERLING G. SLAPPEY

Twenty five years ago, near Atlanta, there was a large open field with a stand of corn, a few rundown houses and two or three sleazy stores. Today, in the field there's an industrial complex which provides employment for hundreds of people and makes money for many others.

Kindergarten, elementary and high school students in the Atlanta area are shown progressive pictures of the field and taught in detail how the changes came about. Private enterprise did the job, the young people are told, and make no mistake about it.

Atlanta's courses in capitalism and economics are made possible because a Chair of Private Enterprise has been set up at Georgia State College.

An academic chair usually is occupied by educators who continue to teach, write and think. Georgia State's does more. It oversees and finances seminars, workshops, lectures and scholarships in the Atlanta area.

One hundred and twelve Atlanta businessmen and private foundations provide money for texts, information services and scholarships for 500 teachers in public, private and parochial schools. As tomorrow's businessmen progress through school, these teachers gradually make them familiar with the hopes, aims and accomplishments of private enterprise.

• • •

Only a mission-minded, hyperactive group of men could come up with such an idea as the chair, find the money to operate it and keep it going. The Atlanta group is all of this and more. For years local businessmen thought about endowing a scholastic chair which would intellectually sing the song of commerce with a private enterprise chorus. There was little more than talk until Charles West, an Atlanta lumber and building materials supply man, turned activist. He called a meeting of young Atlanta executives in 1963 and convinced them they should back up their economic sentiments by endowing a chair at Georgia State College. They agreed.

Georgia State is an up-and-coming, downtown Atlanta college. It has a business school and 6,000 students. By 1970, it probably will have more than

10,000, and it is the home base of four educators devoted to private enterprise. They are Dr. Noah Langdale, Jr., president of the school, Dr. George E. Manners, dean of the business school, Dr. Michael H. Mescon, chairman of the department of management, and Dr. Theodore Boyden, director of the Center for Business and Economic Education.

Dr. Mescon accepted the appointment as "occupant" of the chair.

First chairman of the sponsor's committee was Ben Gilmer, then president of Southern Bell Telephone and Telegraph Co. Mr. Gilmer is now president of American Telephone and Telegraph Co. Present chairman is Robert L. Garges, president of John B. Daniel, Inc., a large Southeastern pharmaceutical house.

• • •

Dr. Mescon says, "Americans have never packaged capitalism properly, or merchandized it. Through the chair we can tell students that because of capitalism he is something special, that he has a chance to succeed or fail, that man is an individual, he has dignity and he has freedom of choice."

It would seem he and his colleagues are making headway. "In our schools you no longer hear teachers tell their highest IQ students not to go into business but into government or academic careers instead," says Catharine Merrill, coordinator of business education in Fulton County Schools. "Teachers now push their better students toward business careers."

W. R. Carter, Southern Bell assistant vice president and one of the chair's biggest backers, said the situation has improved since the time four years ago when his son came home from school knowing nothing about capitalism, but a good deal about communism.

One Atlanta organization gives \$15,000 annually while a national foundation is considering annual contributions of several times that amount. The 1968 budget calls for \$66,200, \$13,000 more than 1967.

There is realization that the chair conceivably could become an attraction for extreme rightists and that it will become ineffective if it does.

"We don't think this will happen," Mr. Garges says.

"We simply approve of private enterprise, and in the chair we have a means of showing this and of helping others to understand it."

Mr. Slappey, author of this month's column, is an associate editor of NATION'S BUSINESS.

THE RISKY LIFE

With general elections less than a year away, the politician faces growing uncertainty and risk.

Will the people—the consumers—buy what he's selling? Will he profit from his endeavors by being voted into office again?

Of course, the politician has to meet the test of the political marketplace only on election day—not every day, every year. A politician can simply declare that something is for the public good, unlike a businessman who has to prove it. And a politician spends and invests other people's money, not his own.

Come to think of it, there's another line of work where the risks come even faster and thicker—in business.

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